
Report on the Implementation of State Auditor's Recommendations 2012 – 2016

A Report to the Governor
and the Legislature of
the State of Hawai'i

Report No. 18-16
November 2018



OFFICE OF THE AUDITOR
STATE OF HAWAII



OFFICE OF THE AUDITOR STATE OF HAWAII

Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.

Our Work

We conduct performance audits (also called management or operations audits), which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the governor and the Legislature to help them make informed decisions.

For more information on the Office of the Auditor, visit our website:
<http://auditor.hawaii.gov>

Foreword

This is a report on the follow-up reviews of State departments and agencies' implementation of audit recommendations contained in audits issued in calendar years 2012–2016. We conducted the follow-ups pursuant to Section 23-7.5, Hawai'i Revised Statutes, which requires the Auditor to report to the Legislature on each recommendation that the Auditor has made that is more than one year old and that has not been implemented by the audited agency.

We wish to express our appreciation for the cooperation and assistance extended to us by the various audited agencies and others whom we contacted during the course of the follow-up review.

Leslie H. Kondo
State Auditor

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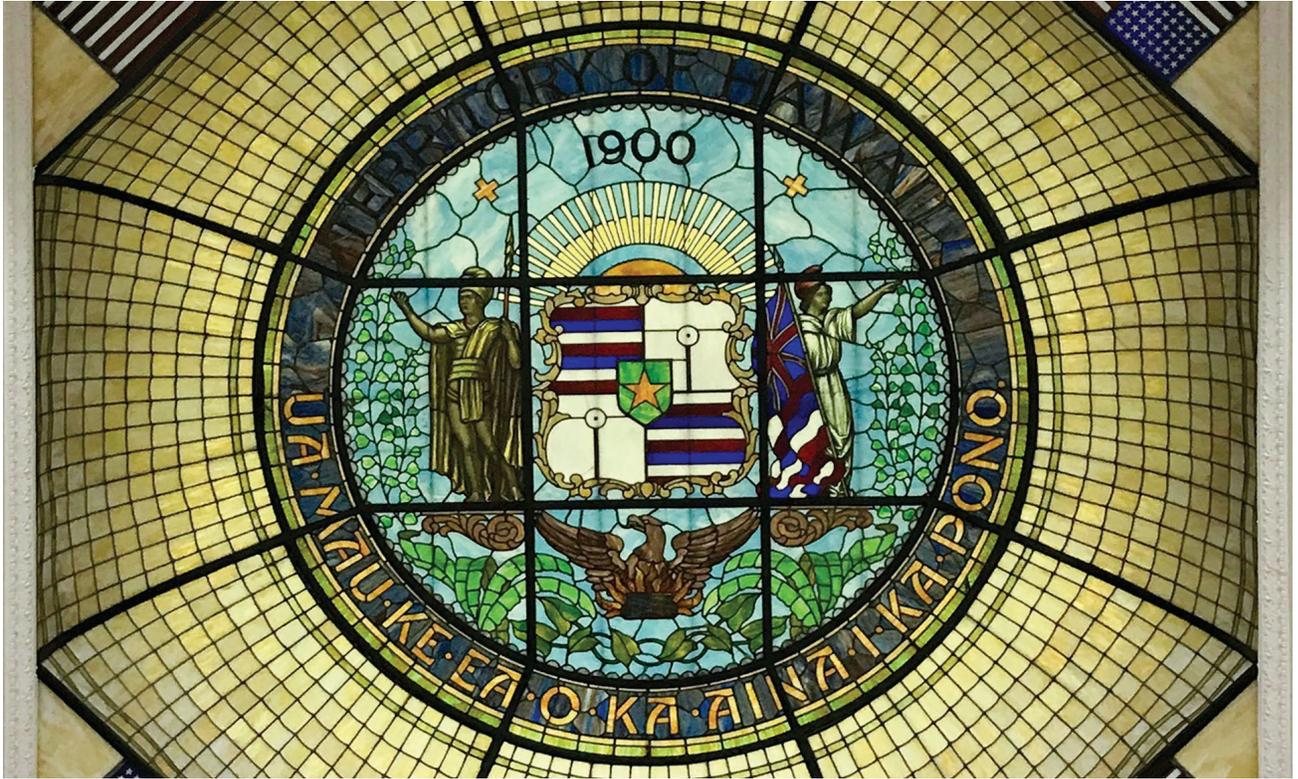


PHOTO: OFFICE OF THE AUDITOR

There and Back Again: Status of Implementation of Audit Recommendations from Reports Issued 2012 – 2016

Section 23-7.5, Hawai‘i Revised Statutes, requires the Auditor to report to the Legislature annually on each audit recommendation more than one year old that has not been implemented by the audited agency. Our office follows up on recommendations in two ways. First, on an annual basis, we send requests to the agencies for status of implementation of our recommendations and details on steps taken towards implementation. Second, we conduct an active follow-up two to three years after issuance of the audit report containing the recommendations and issue a separate follow-up report. Here, we report the latest status on the implementation of recommendations made in our reports issued from 2012 to 2016.

Introduction

EVERY YEAR, we follow up on recommendations made in our audit reports. We ask affected agencies to provide us with the status of their implementation of the recommendations made in our reports starting a year after the report was issued. After two or three years, we conduct a more rigorous follow-up review. Those reviews, which we refer to as “active reviews,” include interviewing

Definition of Terms

WE DEEM recommendations:

Implemented

where the department or agency provided sufficient and appropriate evidence to support all elements of the recommendation;

Partially Implemented

where some evidence was provided but not all elements of the recommendation were addressed;

Not Implemented

where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided;

Not Implemented - N/A

where circumstances changed to make a recommendation not applicable; and

Not Implemented - Disagree

where the department or agency disagreed with the recommendation, did not intend to implement, and no further action will be reported.

selected personnel from the agency and examining the agency's relevant policies, procedures, records, and documents to assess whether its actions fulfilled our recommendations. Our efforts are limited to the reviewing and reporting on an agency's implementation of recommendations made in the original audit report. We do not explore new issues or revisit old ones that do not relate to our original recommendations. From 2012 to 2016, we made 277 actionable audit recommendations, of which the affected agencies reported partially or fully implementing 247.

We based our scope and methodology on the United States Government Accountability Office (fka General Accounting Office) (GAO) guidelines, published in *How to Get Action on Audit Recommendations* (1991).

According to the GAO, saving tax dollars, improving programs and operations, and providing better service to the public represent audit work's "bottom line." Recommendations are the vehicles by which these objectives are sought. However, it is action on recommendations—not the recommendations themselves—that helps government work better at less cost. Effective follow-up is essential to realizing the full benefits of audit work.

Audit Recommendations Implementation Reports Issued 2012 – 2016

Determining progress

The rate of progress of a recommendation's implementation depends on the type of recommendation. While some fall fully within the purview of an audited agency and can be addressed relatively quickly, others may deal with complex problems and involve multiple agencies, resulting in a longer implementation period. Therefore, ample time should be afforded to agencies implementing recommendations in order for a follow-up system to be useful and relevant.

With those observations in mind, we have determined an "active" follow-up effort, where we review and assess an agency's efforts to implement our recommendations, is most effective and relevant if conducted two to three years after publication of an initial audit report. Too short of an interval between audit report and follow-up might not give agencies enough time to implement; too long might allow agencies to lose valuable personnel and institutional knowledge needed to conduct an adequate follow-up. This is consistent with the GAO's experience that action on recommendations usually occurs in the first 3 years after the recommendation is made.

Our current policy is to conduct follow-ups on recommendations for a five-year period after initial issuance of the report. We have determined that, after this time period, further action on recommendations is unlikely. At that point, a new audit may be more appropriate.

On the following pages are our summaries of the results of our active follow-ups on reports issued from the last five years, and for those reports that we have yet to conduct an active follow-up, we include agencies' self-reported status of their respective implementation of the recommendations. In some cases, we also include the agencies' responses to our formal requests for an updated status of implementation of our recommendations since issuance of the active follow-up report.

Identifying key recommendations

The extent of work done to verify implementation depends on the significance of individual recommendations. For instance, the GAO notes that while all audit recommendations should be aggressively pursued, some are so significant that added steps are needed to implement them. The significance of a recommendation depends on its subject matter and the specific situation to which it applies. Significance can be addressed in terms of dollars; however, dollars are only one measure, and not necessarily the most important one. For instance, recommendations to ensure safe operations often take precedence, since their implementation could prevent the loss of life, bodily injury, or environmental contamination.

Audit Recommendations Implementation Dashboard

No. 12-02	Department of Accounting and General Services Investigation of the Stadium Authority's Swap Meet Operations	 10 recommendations
No. 12-03	Department of Business, Economic Development and Tourism Management Audit of the Natural Energy Laboratory of Hawaii	 27 recommendations
No. 12-04	Department of the Attorney General Study of the Transfer of Non-General Funds to the General Fund	 1 recommendation
No. 12-05	Department of Taxation Audit of the Department of Taxation's Administrative Oversight of High-Technology Business Investments and Research Activities Tax Credits	 4 recommendations
No. 12-07	Department of Education Management Audit of the Department of Education's School Bus Transportation Services	 19 recommendations
No. 13-01	Department of Agriculture Management Audit of the Department of Agriculture's Measurement Standards Branch	 7 recommendations
No. 13-02	Department of Hawaiian Home Lands Audit of the Department of Hawaiian Home Lands' Homestead Services Division	 20 recommendations
No. 13-04	Department of Transportation Procurement Examination of the Department of Transportation	 14 recommendations
No. 13-06	Department of Land and Natural Resources Audit of the Kaho'olawe Rehabilitation Trust Fund	 2 recommendations
No. 13-07	Office of Hawaiian Affairs Audit of the Office of Hawaiian Affairs	 23 recommendations
No. 13-09	Hawai'i Tourism Authority Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority	 14 recommendations
No. 14-02	Department of Human Services Audit of the Department of Human Services' Med-QUEST Division and its Medicaid Program	 19 recommendations
No. 14-07	University of Hawai'i / Department of Land and Natural Resources Follow-Up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve	 8 recommendations

No. 14-11	Department of Accounting and General Services Audit of the Hawai'i State Foundation on Culture and the Arts		27 recommendations
No. 14-16	Department of Health Audit of the Department of Health's Glass Advance Disposal Fee Program		9 recommendations
No. 15-07	Research Corporation of the University of Hawai'i Audit of the Research Corporation of the University of Hawai'i		11 recommendations
No. 15-08	Department of Commerce and Consumer Affairs Sunset Evaluation: Respiratory Therapists		9 recommendations
No. 15-09	Department of Health Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse		6 recommendations
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No. 15-18	Department of Transportation Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings		11 recommendations
No. 15-20	Department of Human Services Audit of the Department of Human Services' KOLEA System: \$155 Million KOLEA Project Does Not Achieve ACA Goals		14 recommendations
No. 16-01	Office of Enterprise Technology Services Report on Selected Executive Branch Departments' Information Technology Expenditures		5 recommendations
No. 16-08	Department of Business, Economic Development and Tourism Audit of Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit		9 recommendations

■ Implemented
 ■ Partially Implemented
 ■ Not Implemented
 ■ Not Implemented - N/A
 ■ Not Implemented - Disagree

Source: Office of the Auditor



Report No. 12-02, *Investigation of the Stadium Authority's Swap Meet Operations*

Number of Recommendations: **10**

Number of Recommendations Partially or Fully Implemented: **10**

Percent Implemented: **100%**

In Report No. 12-02, we made a total of 10 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2015, our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 15-05 entitled, *“Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, Investigation of the Stadium Authority’s Swap Meet Operations.”* As a result of this report, we found that 100%, or 10 of our 10 recommendations had been at least partially implemented.

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 15-05. The agency reported that all recommendations have now been fully implemented.

Recommendation

Status of Recommendation

(1.a.) The Stadium Authority board should seek instruction and guidance from the U.S. Department of the Interior, National Park Service, Federal Land to Parks Program coordinator, to properly apply use restrictions to events on stadium land.

Implemented

Per Report No. 15-05, *Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, Investigation of the Stadium Authority's Swap Meet Operations.*

(1.b.) The Stadium Authority board should direct the stadium manager to communicate with the Department of the Interior to request an evaluation of the Aloha Stadium Swap Meet and Marketplace activities for compliance purposes.

Implemented

Per Report No. 15-05, *Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, Investigation of the Stadium Authority's Swap Meet Operations.*

(1.c.) The Stadium Authority board should establish policies and procedures related to contract administration to ensure consistency of oversight, including the requirement for systematic and formal evaluation of contractors. Ensure the stadium manager uses the policies and procedures and the State Procurement Office guidelines to effectively monitor, evaluate, and document contractor performance to ensure that the State is receiving best value for its money.

Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 15-05.

In its response to our formal request for information on status of implementation of audit recommendations, dated April 5, 2018, the agency reported that this recommendation has now been fully implemented.

(1.d.) The Stadium Authority board should evaluate the stadium manager as contract administrator in administering the contract to market, coordinate, and manage the Aloha Stadium Swap Meet and Marketplace and hold him responsible for the contractor's performance. Include the manager's adherence to the board's contract administration policies and procedures in his evaluation. The board should establish a 12-month timeline for the stadium manager to show improvements in his contract administration skills.

Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 15-05.

In its response to our formal request for information on status of implementation of audit recommendations, dated April 5, 2018, the agency reported that this recommendation has now been fully implemented.

(2.a.) The stadium manager should complete State Procurement Office (SPO) procurement training workshops related to contract administration and procurement.

Implemented

Per Report No. 15-05, *Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, Investigation of the Stadium Authority's Swap Meet Operations.*

Recommendation

Status of Recommendation

(2.b.) The stadium manager should develop and implement procedures to independently evaluate, monitor, and document the swap meet contractor's performance rather than relying on contractor's self-reported numbers. Prepare specific performance indicators to judge the contractor's performance and document a performance evaluation to be used as a factor in deciding future awards.

Implemented

Per Report No. 15-05, *Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, Investigation of the Stadium Authority's Swap Meet Operations*.

(2.c.) The stadium manager should effectively perform role of contract administrator using SPO guidelines and the board's policies and procedures to ensure that the State is receiving best value for its money.

Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 15-05.

In its response to our formal request for information on status of implementation of audit recommendations, dated April 5, 2018, the agency reported that this recommendation has now been fully implemented.

(2.d.) The stadium manager should implement an appeals process that allows vendors to appeal complaints to the stadium manager and Stadium Authority Board.

Implemented

Per Report No. 15-05, *Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, Investigation of the Stadium Authority's Swap Meet Operations*.

(2.e.) The stadium manager should require swap meet contractor to continue to verify vendors' general excise tax licenses to ensure that swap meet vendors comply with Hawai'i's general excise tax law.

Implemented

Per Report No. 15-05, *Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, Investigation of the Stadium Authority's Swap Meet Operations*.

(2.f.) The stadium manager should require swap meet contractor to consistently enforce its swap meet rules and regulations.

Implemented

Per Report No. 15-05, *Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, Investigation of the Stadium Authority's Swap Meet Operations*.

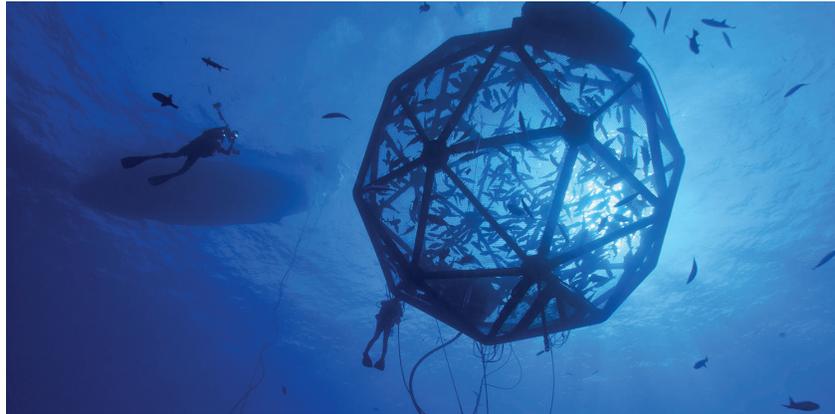


PHOTO: RICK DECKER

Report No. 12-03, *Management Audit of the Natural Energy Laboratory of Hawaii*

Number of Recommendations: **27**

Number of Recommendations Partially or Fully Implemented: **25**

Percent Implemented: **93%**

In Report No. 12-03, we made a total of 27 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2015, our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 15-04 entitled, “*Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawaii ‘i.*” As a result of this report, we found that 70%, or 19 of our 27 recommendations had been at least partially implemented.

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 15-04. The agency reported that 25 of our 27 recommendations have now been at least partially implemented.

Recommendation	Status of Recommendation
<p>(1.a.) The chair of the Natural Energy Laboratory of Hawai'i Authority's board of directors should ensure new board members are given orientation and training in relation to NELHA's statute; its roles, responsibilities and mission; and the board's roles and responsibilities as outlined in the authority's policies and procedures manual.</p>	<p>Implemented</p> <p>Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i.</i></p>
<p>(1.b.) The chair of the Natural Energy Laboratory of Hawai'i Authority's board of directors should ensure that all board members are trained in the requirements of Hawai'i's Sunshine Law, Chapter 92, HRS.</p>	<p>Implemented</p> <p>Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i.</i></p>
<p>(1.c.) The chair of the Natural Energy Laboratory of Hawai'i Authority's board of directors should ensure that tenant representatives are trained in when and how to recuse themselves from voting in relation to setting rates, as is required by Section 227D-2(b), HRS. The chair should take responsibility for ensuring that all board members are made aware of the interpretation and extent of restrictions on tenant representatives' voting rights, and how recusals are to be effectuated. This should be done through a training session and establishment of a policy and formalized as an administrative rule. The chair and note taker should also be aware of the implications that recusals have to quorum on individual votes.</p>	<p>Implemented</p> <p>We found this recommendation to be "Open" (Not Implemented) in our follow-up, Report No. 15-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.</p>
<p>(1.d.) The chair of the Natural Energy Laboratory of Hawai'i Authority's board of directors should, recognizing that the board continues to struggle with Sunshine requirements, request that the deputy attorney general assigned to the board provide stronger guidance on and control of board meetings in relation to Sunshine issues.</p>	<p>Implemented</p> <p>Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i.</i></p>

Recommendation

Status of Recommendation

(2.a.) The board and executive director should, to facilitate transparency, create a compilation of all board approved policies. Where they are ongoing or broad, these policies should be formalized as administrative rules.

Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 15-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.

(2.b.) The board and executive director should, to facilitate transparency, establish a uniform land rent rate structure based on a Dilmore curve, and base future leases on this structure. This should be codified as a board policy and compiled appropriately.

Implemented

Per Report No. 15-04, *Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai‘i.*

(2.c.) The board and executive director should seek needed legislative clarification regarding to whom the authority may wheel (sell electricity).

Implemented

Per Report No. 15-04, *Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai‘i.*

(2.d.) The board and executive director should, as a matter of priority, follow through with plans to solicit capital improvement project funding from the Legislature for the purpose of constructing a new frontage road to the Queen Ka‘ahumanu Highway.

Implemented

Per Report No. 15-04, *Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai‘i.*

(2.e.) The board and executive director should, as a matter of priority, follow through with published plans to rectify the authority’s fresh water allocation to ensure that current and future tenants can be assured of continued access to fresh water.

Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 15-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.

Recommendation	Status of Recommendation
<p>(3.a.) The executive director should ensure that pursuant to the State Procurement Office (SPO)’s advice, all staff participating in procurement activities are provided with a detailed plan of action to prevent recurrence of previous SPO violations. Individuals participating in procurement activities are required to be in compliance with Procurement Delegation No. 2010-01 and Amendment 1, and Procurement Circular No. 2010-05, Statewide Procurement Training, as appropriate.</p>	<p>Implemented</p> <p>Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai‘i.</i></p>
<p>(3.b.) The executive director should follow through with published plans to create a strategic business and financial plan.</p>	<p>Implemented</p> <p>We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 15-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.</p>
<p>(3.c.) The executive director should follow through with published plans to adopt administrative rules for the authority.</p>	<p>Partially Implemented</p> <p>We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 15-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been partially implemented.</p>
<p>(3.d.) The executive director should update the authority’s 1995 policies and procedures manual to ensure it is current, complete, and ultimately aligned with administrative rules.</p>	<p>Implemented</p> <p>We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 15-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.</p>
<p>(3.e.) The executive director should update the Project Initiation Packet (PIP) as appropriate to ensure that this information, which is available on the authority’s website, remains current so as not to mislead potential tenants and other stakeholders.</p>	<p>Implemented</p> <p>Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai‘i.</i></p>

Recommendation

Status of Recommendation

(3.f.) The executive director should ensure that staff responsible for taking minutes of board meetings are aware of the need for, and effectuate, a more consistent style of nomenclature in the minutes, particularly in regard to identifying which interests are represented by which attendees; whether members are merely absent or are, in fact, excused; and the appellation of investigatory or other transient committees or task forces.

Implemented

Per Report No. 15-04, *Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i*.

(3.g.) The executive director should ensure that staff responsible for taking minutes of board meetings are trained in, and effectuate, the requirements of Hawaii's Sunshine Law, Chapter 92, HRS, particularly in relation to:
Taking and storing minutes of both open board meetings and executive sessions;
Recording votes of individual members where the vote is not unanimous;
Ensuring minutes are publicly available within 30 days of a board meeting; and
Documenting the reason and statutory reference for entering into any executive session. Minutes should be able to stand alone and not need to be read in conjunction with agendas to satisfy this requirement.

Implemented

Per Report No. 15-04, *Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i*.

(3.h.) The executive director should ensure the authority adopts and reports on meaningful key performance indicators in its annual report.

Implemented

Per Report No. 15-04, *Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i*.

(3.i.) The executive director should follow through with published plans to have the authority's 2001 economic impact analysis updated.

Implemented

Per Report No. 15-04, *Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i*.

Recommendation	Status of Recommendation
<p>(3.j.) The executive director should follow through with published plans to update the authority's website. The updated website should include up-to-date and complete information so that potential tenants and other stakeholders have easy access to the authority's mission, services, rates, and performance data.</p>	<p>Implemented Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i</i>.</p>
<p>(3.k.) The executive director should follow through with plans to establish a Dilmore curve-based lease rent policy, and ensure the policy is available to relevant stakeholders.</p>	<p>Implemented Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i</i>.</p>
<p>(3.l.) The executive director should establish and implement internal controls for the calculation of seawater rates. If the current Excel spreadsheet continues to be used, one or more staff members should be assigned to review monthly calculations for mathematical and cut-and-paste errors. Ideally, the current spreadsheet should be converted to a database to avoid errors inherent in manual calculations.</p>	<p>Implemented We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 15-04. In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.</p>
<p>(3.m.) The executive director should ensure the authority makes its seawater pumping rates publicly available and that this information is kept up to date. There is no need to display the entire calculation of the rate; a narrative followed by the current numerical rate would suffice.</p>	<p>Implemented Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i</i>.</p>
<p>(3.n.) The executive director should reconcile the authority's financial information as reported in QuickBooks and FAMIS.</p>	<p>Implemented Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i</i>.</p>
<p>(3.o.) The executive director should continue implementing stated plans to market and promote NELHA to prospective tenants.</p>	<p>Implemented Per Report No. 15-04, <i>Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i</i>.</p>

Recommendation

Status of Recommendation

(3.p.) The executive director should pursue the recommendation in the master plan to locate future cellular telephone tower concessions on acreage away from the authority's administration building, and then enter into leases as appropriate to increase the authority's revenues.

Not Implemented - N/A

Per Report No. 15-04, *Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i*.

In our report, we noted: "The telecom company relocated its tower to another site outside of NELHA property."

(3.q.) The executive director should revisit the request to the Department of Land and Natural Resources for a license to remove gravel from NELHA property, and pursue the sale of such gravel to interested vendors.

Not Implemented - N/A

Per Report No. 15-04, *Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i*.

In our report, we noted: "The authority has not taken any action on the DLNR license as the company that initially expressed interest in the gravel reportedly found another source."

(4.) The tenant representatives to the board should, if in doubt about whether a discussion item constitutes setting a rate, ensure they recuse themselves from a vote to avoid any perception of improper voting, which can jeopardize the validity of such a vote.

Implemented

We found this recommendation to be "Open" (Not Implemented) in our follow-up, Report No. 15-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.



PHOTO: OFFICE OF THE AUDITOR

Report No. 12-04, *Study of the Transfer of Non-general Funds to the General Fund*

Number of Recommendations: **1**

Number of Recommendations Partially or Fully Implemented: **1**

Percent Implemented: **100%**

In Report No. 12-04, we made one (1) recommendation to the agency.

Audit Recommendation by Status



Source: Office of the Auditor

In 2015, our office conducted an active follow-up into the implementation of our recommendation, and issued Report No. 15-03 entitled, “*Program in Place: Follow-Up on Recommendation Made in Report No. 12-04, Study of the Transfer of Non-General Funds to the General Fund.*” As a result of this report, we found that 100% of our recommendation has been fully implemented.

Recommendation

(1.) The Department of the Attorney General should employ a more robust and methodical process of analyzing special and revolving funds for transfer of excess moneys to the general fund such as using a checklist similar to one that we developed.

Status of Recommendation

Implemented

Per Report No. 15-03, *Program in Place: Follow-Up on Recommendation Made in Report No. 12-04, Study of the Transfer of Non-General Funds to the General Fund.*



PHOTO: THINKSTOCK

Report No. 12-05, Audit of the Department of Taxation's Administrative Oversight of High-Technology Business Investment and Research Activities Tax Credits

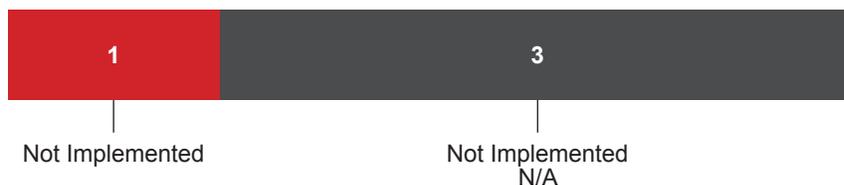
Number of Recommendations: **4**

Number of Recommendations Partially or Fully Implemented: **0**

Percent Implemented: **0%**

In Report No. 12-05, we made a total of 4 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2015, our office conducted an active follow-up into the implementation of our recommendation, and issued Report No. 15-11 entitled, “Credits Continue to Tax the State: Follow-Up on Recommendations Made in Report No. 12-05, Audit of the Department of Taxation’s Administrative Oversight of High-Technology Business Investment and Research Activities Tax Credits.” As a result of this report, we found that none of our 4 recommendations had been implemented.

Recommendation	Status of Recommendation
<p>(2.a.) The Department of Taxation should, at a minimum, report on the 2010 tax year Form N-317, Statement by a Qualified High Technology Business (QHTB), data. Further, reporting should continue for the subsequent four years to capture the high-technology business investment tax credit's maximum allowable credit up to \$2 million.</p>	<p>Not Implemented - N/A</p> <p>Per Report No. 15-11, <i>Credits Continue to Tax the State: Follow-Up on Recommendations Made in Report No. 12-05, Audit of the Department of Taxation's Administrative Oversight of High-Technology Business Investment and Research Activities Tax Credits.</i></p> <p>In our report, we noted that the Legislature established a January 1, 2011 repeal date for Act 206 and its precursor, House Bill 1631, House Draft 2, Senate Draft 2, Conference Draft 1 (2007 Regular Session). The Legislature encouraged reevaluating the usefulness of the information collected and its analyses; however, it did not indicate who would be responsible for this.</p>
<p>(2.b.) The Department of Taxation should report on the tax credits claimed in tax years 2006, 2007, 2008, and 2009 as mandated by law.</p>	<p>Not Implemented - N/A</p> <p>Per Report No. 15-11, <i>Credits Continue to Tax the State: Follow-Up on Recommendations Made in Report No. 12-05, Audit of the Department of Taxation's Administrative Oversight of High-Technology Business Investment and Research Activities Tax Credits.</i></p> <p>In our report, we noted that the department resumed publication of the formal studies in 2013 and had issued reports on tax credits for tax years 2011 and 2012. (DoTAX) still lacked the staff resources to perform formal studies for the missing tax years. However, in lieu of the formal studies, the department had tabulated data on tax credits claimed in tax years 2006 through 2010 and provided this information to the Legislature.</p>
<p>(2.c.) The Department of Taxation should strengthen and formalize in writing internal controls over department processes, including audit identification and selection, to provide reasonable assurance that the following objectives are being achieved: Effectiveness and efficiency of operations; Reliability of financial reporting; and Compliance with applicable laws and regulations.</p>	<p>Not Implemented</p> <p>Per Report No. 15-11, <i>Credits Continue to Tax the State: Follow-Up on Recommendations Made in Report No. 12-05, Audit of the Department of Taxation's Administrative Oversight of High-Technology Business Investment and Research Activities Tax Credits.</i></p> <p>In our report, we noted that DoTAX told us its Tax System Modernization project, which was scheduled to commence in summer 2015, would incorporate internal control processes including audit identification and selection, and require extensive work-flow documentation of these functions.</p>

Recommendation

Status of Recommendation

(2.d.) The Department of Taxation should design a regular, rigorous, and comprehensive evaluation process for tax incentives. Consider the following criteria when designing the process:

Inform policy choices – build evaluation of incentives into policy and budget deliberations to ensure lawmakers use the results;

Include all major tax incentives – establish a strategic and ongoing schedule to review all tax incentives for economic development;

Measure economic impact – ask and answer the right questions using good data and analysis; and

Draw clear conclusions – determine whether tax incentives are achieving the state’s goals.

Not Implemented - N/A

Per Report No. 15-11, *Credits Continue to Tax the State: Follow-Up on Recommendations Made in Report No. 12-05, Audit of the Department of Taxation’s Administrative Oversight of High-Technology Business Investment and Research Activities Tax Credits*.

In our report, we noted that although DoTAX agreed that tax incentives should be scrutinized, it believed the task would be more efficiently undertaken by economists in the Department of Business, Economic Development and Tourism. DoTAX told us that its Tax Research and Planning Office lost its research statistician positions in the State’s 2009 reduction-in-force and has not been able to continue issuing formal reports on tax credits and tax statistics of Hawai‘i’s individuals and businesses.

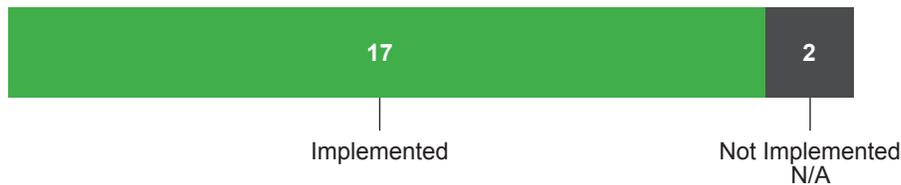


Report No. 12-07, *Management Audit of the Department of Education's School Bus Transportation Services*

Number of Recommendations: **19**
Number of Recommendations Partially or Fully Implemented: **17**
Percent Implemented: **89%**

In Report No. 12-07, we made a total of 19 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2015, our office conducted an active follow-up into the implementation of our recommendation, and issued Report No. 15-06 entitled, *“Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education’s School Bus Transportation Services.”* As a result of this report, we found that 89%, or 17 of our 19 recommendations had been at least partially implemented.

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 15-06. The agency reported that all of our recommendations (other than the recommendations we had previously designated as “Not applicable”) have now been fully implemented.

Recommendation

Status of Recommendation

(1.a.i.) The Student Transportation Services Branch (STSB) manager should properly plan for school bus services statewide by establishing short- and long-range plans for ensuring the safety and efficiency of bus routes and services.

Implemented

Per Report No. 15-06, *Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.*

(1.a.ii.) The Student Transportation Services Branch (STSB) manager should properly plan for school bus services statewide by creating guidelines, policies, and procedures governing school bus routes and stops.

Implemented

Per Report No. 15-06, *Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.*

(1.a.iii.) The Student Transportation Services Branch (STSB) manager should properly plan for school bus services statewide by ensuring that the department has up-to-date and accurate route descriptions, ridership numbers, and route mileage statistics.

Implemented

Per Report No. 15-06, *Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.*

(1.a.iv.) The Student Transportation Services Branch (STSB) manager should properly plan for school bus services statewide by acquiring and implementing bus route planning software.

Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 15-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has now been fully implemented.

(1.a.v.) The Student Transportation Services Branch (STSB) manager should properly plan for school bus services statewide by establishing and implementing a system for analyzing route efficiency, and creating an inventory of bus stops and evaluating them for safety.

Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 15-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has now been fully implemented.

(1.a.vi.) The Student Transportation Services Branch (STSB) manager should properly plan for school bus services statewide by reviewing contracts on a regular basis and revising them where necessary, including both routes and terms.

Implemented

Per Report No. 15-06, *Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.*

Recommendation

Status of Recommendation

(1.a.vii.) The Student Transportation Services Branch (STSB) manager should properly plan for school bus services statewide by taking a proactive role in assisting the Procurement and Contracts Branch (PCB) with securing bus service contracts by actively reviewing contract terms and conducting meaningful analyses regarding the fairness of single responsive offers.

Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 15-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has now been fully implemented.

(1.b.i.) The Student Transportation Services Branch (STSB) manager should properly administer school bus service contracts by ensuring the branch maintains a complete contract files which includes, but is not limited to:

Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 15-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has now been fully implemented.

The executed contract;

All contract modifications;

Contractor contact information;

All correspondence with and regarding the contractor;

All complaints regarding the contractor, including disposition and resolution; and

All other relevant information regarding the contractor, including previous contracts awarded to that contractor and any relevant bids from that contractor.

(1.b.ii.1.) The Student Transportation Services Branch (STSB) manager should properly administer school bus service contracts by monitoring contractors' performance. This includes ensuring contractors provide reports as required in their contracts, and that these are maintained within the contract file.

Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 15-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has now been fully implemented.

Recommendation

Status of Recommendation

(1.b.ii.2.) The Student Transportation Services Branch (STSB) manager should properly administer school bus service contracts by monitoring contractors' performance. This includes evaluating contractors' performance requirements and, where necessary, restructuring contracts to include specific performance requirements. Data to be collected should be sufficient to allow reasonable analysis of the fairness of future bus service contract bids.

Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 15-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has now been fully implemented.

(1.b.ii.3.) The Student Transportation Services Branch (STSB) manager should properly administer school bus service contracts by monitoring contractors' performance. This includes implementing annual price adjustments for fuel costs as required by contract terms.

Implemented

Per Report No. 15-06, *Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.*

(1.b.ii.4.) The Student Transportation Services Branch (STSB) manager should properly administer school bus service contracts by monitoring contractors' performance. This includes conducting spot checks to ensure contractors are providing services and equipment as required.

Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 15-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has now been fully implemented.

(1.b.ii.5.) The Student Transportation Services Branch (STSB) manager should properly administer school bus service contracts by monitoring contractors' performance. This includes verifying the accuracy of information provided by contractors such as vehicle inventories, vehicle ages, and driver background checks.

Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 15-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has now been fully implemented.

(1.b.iii.) The Student Transportation Services Branch (STSB) manager should properly administer school bus service contracts by ensuring that all complaints are logged in a central repository, with disposition and resolutions noted.

Implemented

Per Report No. 15-06, *Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.*

Recommendation	Status of Recommendation
<p>(1.c.) The Student Transportation Services Branch (STSB) manager should develop a manual delineating district transportation officers' (DTOs) tasks and how to perform them, and train DTOs regarding the same. This may require reevaluating DTOs' roles and responsibilities.</p>	<p>Implemented</p> <p>We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 15-06.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has now been fully implemented.</p>
<p>(2.a.) The Department of Education should develop and implement a policy concerning procurement training for all employees who have procurement responsibilities. The training should highlight indicators of potential anticompetitive practices and identify what staff are expected to do in response.</p>	<p>Implemented</p> <p>Per Report No. 15-06, <i>Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.</i></p>
<p>(2.b.) The Department of Education should develop and implement procedures, including forms, for reporting suspected anticompetitive practices as envisioned by the Hawai'i Administrative Rules.</p>	<p>Not Implemented - N/A</p> <p>Per Report No. 15-06, <i>Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.</i></p> <p>In our report, we noted: “The project control section manager in charge of bus procurement said the department had no policies and procedures specifically related to anticompetitive issues, but said the procurement code and administrative rules provide safeguards and the department is making structural changes to mitigate risk.”</p>
<p>(3.a.) The Procurement and Contracts Branch (PCB) should ensure that the Student Transportation Services Branch (STSB) conducts an analysis determining the fairness of single responsive offers before accepting such offers. Analyses should be documented and retained within contract files.</p>	<p>Not Implemented - N/A</p> <p>Per Report No. 15-06, <i>Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.</i></p> <p>In our report, we noted: “Since our audit, the department has issued two new contracts, for service on O‘ahu and Hawai‘i Island. Both received multiple proposals from vendors. As a consequence, we were not able to show that the department conducted meaningful analyses of single contract proposals.”</p>

Recommendation

(3.b.) The Procurement and Contracts Branch (PCB) should ensure that the department solicits bids for expiring contracts with sufficient time to attract competitive offers.

Status of Recommendation

Implemented

Per Report No. 15-06, *Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services.*



Report No. 13-01, *Management Audit of the Department of Agriculture's Measurement Standards Branch*

Number of Recommendations: **7**

Number of Recommendations Partially or Fully Implemented: **4**

Percent Implemented: **57%**

In Report No. 13-01, we made a total of 7 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2016, our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 16-06 entitled, “*Still Not Measuring Up: Follow-Up on Recommendations Made in Report No. 13-01, Management Audit of the Department of Agriculture’s Measurement Standards Branch.*” As a result of this report, we found that none of our 7 recommendations (0%) had been implemented.

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 16-06. The agency reported that 3 of our recommendations have been implemented in full, 1 recommendation has been implemented in part, and 3 recommendations have not been implemented.

Recommendation

Status of Recommendation

(1.) To improve the effectiveness and efficiency of the Measurement Standards Branch the chairperson of the Board of Agriculture should temporarily appoint a Commodities Branch manager to free the Quality Assurance Division acting administrator of those responsibilities.

Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 12, 2018, the agency reported that this recommendation has now been fully implemented.

(2.a.) To improve the effectiveness and efficiency of the Measurement Standards Branch, the Quality Assurance Division acting administrator should recruit to fill the two vacant inspector positions.

Not Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 12, 2018, the agency reported that this recommendation has still not been implemented, stating:

“The Measurement Standards Branch Manager was filled with an incumbent from October 31, 2016 to July 29, 2017. The Department’s intent was to initiate recruitment for these inspector positions which would be led by this Measurement Standards Branch Manager. However, since the Branch Manager position currently stands vacant, the Department’s focus is to fill this supervisory position before recruiting for its subordinate inspector positions.”

(2.b.) To improve the effectiveness and efficiency of the Measurement Standards Branch, the Quality Assurance Division acting administrator should establish and recruit to fill the program manager position.

Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 12, 2018, the agency reported that this recommendation has now been fully implemented.

Recommendation

Status of Recommendation

(2.c.) To improve the effectiveness and efficiency of the Measurement Standards Branch, the Quality Assurance Division acting administrator should establish and recruit to fill the three new inspector positions.

Not Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 12, 2018, the agency reported that this recommendation has still not been implemented, stating:

“The Measurement Standards Branch Manager was filled with an incumbent from October 31, 2016 to July 29, 2017. The Department’s intent was to initiate recruitment for these inspector positions which would be led by this Measurement Standards Branch Manager. However, since the Branch Manager position currently stands vacant, the Department’s focus is to fill this supervisory position before recruiting for its subordinate inspector positions.”

(2.d.i.) To improve the effectiveness and efficiency of the Measurement Standards Branch, the Quality Assurance Division acting administrator should use the NIST Weights and Measures Program Requirements: A Handbook for the Weights and Measures Administrator 2011 to develop a strategic plan for the Measurement Standards Branch, which includes a description of what is needed to maintain and improve a weights and measures program, the problems and obstacles that exist to achieve success, the strategies and resources needed to make progress, and the intermediate milestones that can be used to measure progress toward the objectives.

Not Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated April 3, 2018, the agency reported that this recommendation has still not been implemented, stating:

“The Measurement Standards Branch Manager was filled with an incumbent from October 31, 2016 to July 29, 2017. The Department’s intent was to initiate recruitment for these inspector positions which would be led by this Measurement Standards Branch Manager. However, since the Branch Manager position currently stands vacant, the Department’s focus is to fill this supervisory position before strategic plan is developed.”

Recommendation

Status of Recommendation

(2.d.ii.) To improve the effectiveness and efficiency of the Measurement Standards Branch, the Quality Assurance Division acting administrator should use the NIST Weights and Measures Program Requirements: A Handbook for the Weights and Measures Administrator 2011 to develop a training program. The handbook outlines components on what a training program for inspectors is encouraged to have. Training material is also available on the NIST Weights and Measures Division website.

Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated April 3, 2018, the agency reported that this recommendation has now been fully implemented.

(2.d.iii.) To improve the effectiveness and efficiency of the Measurement Standards Branch, the Quality Assurance Division acting administrator should use the NIST Weights and Measures Program Requirements: A Handbook for the Weights and Measures Administrator 2011 to develop plans, policies, and procedures for oversight of registered service agencies and persons with follow-up inspections, including a review of placed-in-service reports to ensure service companies are using correct test procedures and standards, and achieving the quality of work that they report. As part of the planning process, the acting administrator should explore and identify alternative approaches to effectively monitor the commercial measurement system with fewer resources. The NIST suggests a program that incorporates work done by service companies with government follow-up inspections and extensive testing in the marketplace. The branch may find that managing an oversight program may be more effective and cost considerably less than having branch inspectors conduct random inspections.

Partially Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated April 3, 2018, the agency reported that this recommendation has now been partially implemented.



PHOTO: DEPARTMENT OF HAWAIIAN HOME LANDS

Report No. 13-02, *Audit of the Department of Hawaiian Home Lands' Homestead Services Division*

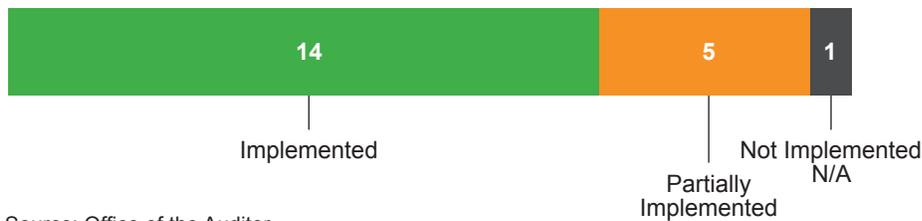
Number of Recommendations: **20**

Number of Recommendations Partially or Fully Implemented: **19**

Percent Implemented: **95%**

In Report No. 13-02, we made a total of 20 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2016, our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 16-04 entitled, *“Follow-Up on Recommendations Made in Report No. 13-02, Audit of the Department of Hawaiian Home Lands’ Homestead Services Division.”* As a result of this report, we found that 75%, or 15 of our 20 recommendations had been at least partially implemented.

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 16-04. The agency reported that 14 of our recommendations have been implemented in full, 5 recommendations have been implemented in part, and 1 recommendation has not been implemented.

Recommendation

Status of Recommendation

(1.a.i.) The Hawaiian Homes Commission should fulfill its role as fiduciary by acknowledging and mitigating loan risk. Specifically, the commission should adopt and communicate a risk management plan, including developing an appropriate risk appetite that can support a sustainable direct loan program; risk appetite should be considered when approving all loan requests.

Partially Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been partially implemented.

(1.a.ii.) The Hawaiian Homes Commission should fulfill its role as fiduciary by acknowledging and mitigating loan risk. Specifically, the commission should adopt and disseminate guidance in the form of policies, procedures, and performance goals relating to direct loan issuance, delinquent loan collections, and monitoring contested case hearing orders.

Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.

(1.a.iii.) The Hawaiian Homes Commission should fulfill its role as fiduciary by acknowledging and mitigating loan risk. Specifically, the commission should comply with administrative rules requiring “the exercise of such care and skill as a person of ordinary prudence would exercise in dealing with one’s own property in the management of Hawaiian home lands,” including cancelling leases where loans are not in compliance with commission order.

Implemented

We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.

(2.a.i.) The Department of Hawaiian Home Lands should adopt and implement reporting methods that bring loan delinquency issues to the attention of the commission. Specifically, the department should coordinate resources of the Loan Services Branch and Fiscal Office to provide the commission with adequate information to make informed decisions on loan risk exposure.

Partially Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation is still only partially implemented.

Recommendation	Status of Recommendation
<p>(2.a.ii.) The Department of Hawaiian Home Lands should adopt and implement reporting methods that bring loan delinquency issues to the attention of the commission. Specifically, the department should require the Fiscal Office and Homestead Services Division to create a more effective report that would allow commissioners to quickly understand the true position of the department's direct loans. More financial information should be provided so that commissioners have a more complete picture of the status of delinquencies in the contested case process, including the status of each contested case.</p>	<p>Partially Implemented</p> <p>We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation is still only partially implemented.</p>
<p>(2.b.) The Department of Hawaiian Home Lands should develop policies and procedures outlining the contested case hearing process, including procedures on how the department carries out the commission's orders to ensure lessees comply with their terms and conditions.</p>	<p>Partially Implemented</p> <p>We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation is still only partially implemented.</p>
<p>(2.c.i.1.) The Department of Hawaiian Home Lands should require the Homestead Services Division's Loan Services Branch to equip loan officers to properly administer loans by adopting a manual that provides firm criteria for reviewing and approving loan applications, including policies and procedures requiring a risk rating and credit counseling for each loan applicant.</p>	<p>Implemented</p> <p>We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation has now been fully implemented.</p>
<p>(2.c.i.2.) The Department of Hawaiian Home Lands should require the Homestead Services Division's Loan Services Branch to equip loan officers to properly administer loans by establishing policies, procedures, and enforcement action for chronically delinquent lessees.</p>	<p>Implemented</p> <p>We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation has now been fully implemented.</p>

Recommendation

Status of Recommendation

(2.c.i.3.) The Department of Hawaiian Home Lands should require the Homestead Services Division’s Loan Services Branch to equip loan officers to properly administer loans by clearly outlining the responsibilities of branch staff in collecting on delinquent loan-related contested cases.

Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation has now been fully implemented.

(2.c.i.4.) The Department of Hawaiian Home Lands should require the Homestead Services Division’s Loan Services Branch to equip loan officers to properly administer loans by re-instituting clear written collection procedures for each phase of delinquency in order to avoid inconsistent practices among collection staff.

Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation has now been fully implemented.

(2.c.ii.) The Department of Hawaiian Home Lands should require the Homestead Services Division’s Loan Services Branch to ensure that loan officers adhere to trust responsibilities by adequately analyzing applications and only recommending loans for applicants who are financially capable.

Implemented

Per Report No. 16-04, *Follow-Up on Recommendations Made in Report No. 13-02, Audit of the Department of Hawaiian Home Lands’ Homestead Services Division*.

(2.c.iii.1.) The Department of Hawaiian Home Lands should require the Homestead Services Division’s Loan Services Branch to adopt a system of internal controls relating to documenting standards and objectives with respect to delinquent loan collections.

Partially Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation is still only partially implemented.

(2.c.iii.2.) The Department of Hawaiian Home Lands should require the Homestead Services Division’s Loan Services Branch to adopt a system of internal controls relating to requiring complete and accurate documentation of all collection activity. Loan officers should properly file and maintain loan files in accordance with best practices.

Implemented

Per Report No. 16-04, *Follow-Up on Recommendations Made in Report No. 13-02, Audit of the Department of Hawaiian Home Lands’ Homestead Services Division*.

Recommendation	Status of Recommendation
<p>(2.c.iii.3.) The Department of Hawaiian Home Lands should require the Homestead Services Division's Loan Services Branch to adopt a system of internal controls relating to periodically reviewing policies that govern income analysis and interest rates to determine whether they meet program goals.</p>	<p>Implemented</p> <p>Per Report No. 16-04, <i>Follow-Up on Recommendations Made in Report No. 13-02, Audit of the Department of Hawaiian Home Lands' Homestead Services Division.</i></p>
<p>(2.c.iv.1.) The Department of Hawaiian Home Lands should require the Homestead Services Division's Loan Services Branch to address delinquent loans in a timely manner, recognizing that loans of last resort are inherently risky. This should include redefining how delinquent loans are characterized as 30, 60, 90, and 120 days delinquent.</p>	<p>Not Implemented - N/A</p> <p>Per Report No. 16-04, <i>Follow-Up on Recommendations Made in Report No. 13-02, Audit of the Department of Hawaiian Home Lands' Homestead Services Division.</i></p> <p>In our report, we noted: "According to the acting HSD administrator, the department's delinquency reporting method is a standard housing lending industry practice, and the department will continue to use this method."</p>
<p>(2.c.iv.2.) The Department of Hawaiian Home Lands should require the Homestead Services Division's Loan Services Branch to address delinquent loans in a timely manner, recognizing that loans of last resort are inherently risky. This should include customizing automated delinquency reports to ensure management and the commission receives critical information necessary for identifying deficiencies and weaknesses in delinquent loan collections and to take prompt action to remedy them.</p>	<p>Implemented</p> <p>We found this recommendation to be "Open" (Not Implemented) in our follow-up, Report No. 16-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation has now been fully implemented.</p>
<p>(2.c.v.1.) The Department of Hawaiian Home Lands should require the Homestead Services Division's Loan Services Branch to adopt strategies or plans to address chronically delinquent accounts. Specifically, the Homestead Services Branch should formalize current underwritten payment plans and use salary assignments and garnishments.</p>	<p>Implemented</p> <p>We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 16-04.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 19, 2018, the agency reported that this recommendation has now been fully implemented.</p>

Recommendation

Status of Recommendation

(2.c.v.2.) The Department of Hawaiian Home Lands should require the Homestead Services Division’s Loan Services Branch to adopt strategies or plans to address chronically delinquent accounts. Specifically, the Homestead Services Branch should consider debt restructurings when repayment under current terms and conditions is doubtful. Concessions could include: reducing the interest rate on the original loan, extending the loan’s maturity date and re-amortization, and/or reducing accrued interest.

Implemented

Per Report No. 16-04, *Follow-Up on Recommendations Made in Report No. 13-02, Audit of the Department of Hawaiian Home Lands’ Homestead Services Division*.

(2.d.i.) The Department of Hawaiian Home Lands should require the Office of the Chairman’s Compliance and Community Relations Section’s Enforcement Team to clearly outline the responsibilities of the Enforcement Team in the monitoring of delinquent loan-related contested cases.

Implemented

We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-04.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has now been fully implemented.

(2.d.ii.) The Department of Hawaiian Home Lands should require the Office of the Chairman’s Compliance and Community Relations Section’s Enforcement Team to ensure that information needed to obtain the status of each contested case is available and readily obtainable.

Implemented

Per Report No. 16-04, *Follow-Up on Recommendations Made in Report No. 13-02, Audit of the Department of Hawaiian Home Lands’ Homestead Services Division*.



Report No. 13-04, *Procurement Examination of the Department of Transportation*

Number of Recommendations: **14**

Number of Recommendations Partially or Fully Implemented: **14**

Percent Implemented: **100%**

In Report No. 13-04, we made a total of 14 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2016, our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 16-07 entitled, “*Airports Division Needs Clearer Guidance: Follow-Up on Recommendations Made in Report No. 13-04, Procurement Examination of the Department of Transportation.*” As a result of this report, we found that 93%, or 13 of our 14 recommendations had been at least partially implemented.

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 16-07. The agency reported that all but one of our recommendations have now been fully implemented.

Recommendation

Status of Recommendation

(1.a.) With respect to the Airports Division Terminal Modernization Program and related program management contract, the department should review the department's and Airports' construction management policies and procedures to ensure there is sufficient oversight of contractors performing management services.

Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 16-07.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 15, 2018, the agency reported that this recommendation has now been fully implemented.

(1.b.) With respect to the Airports Division Terminal Modernization Program and related program management contract, the department should provide training to all divisions regarding the use of contractors for program, project, and construction management services.

Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 16-07.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 15, 2018, the agency reported that this recommendation has now been fully implemented.

(1.c.) With respect to the Airports Division Terminal Modernization Program and related program management contract, the department should ensure personnel in all divisions, particularly in Airports, are performing and documenting cost-benefit analyses when deciding to use contractors for management services-type contracts, especially for multi-year and multi-million dollar contracts.

Implemented

Per Report No. 16-07, *Airports Division Needs Clearer Guidance: Follow-Up on Recommendations Made in Report No. 13-04, Procurement Examination of the Department of Transportation.*

(1.d.) With respect to the Airports Division Terminal Modernization Program and related program management contract, the department should review the terms of the consultant program manager contract and determine if providing the consultant with free rent and allowing it to charge the maximum allowable labor multiplier is fair and in the best interest of the State.

Implemented

Per Report No. 16-07, *Airports Division Needs Clearer Guidance: Follow-Up on Recommendations Made in Report No. 13-04, Procurement Examination of the Department of Transportation.*

(1.e.) With respect to the Airports Division Terminal Modernization Program and related program management contract, the department should seek to amend the contract with the consultant program manager to allow review and audit of the application of the labor multiplier.

Implemented

Per Report No. 16-07, *Airports Division Needs Clearer Guidance: Follow-Up on Recommendations Made in Report No. 13-04, Procurement Examination of the Department of Transportation.*

Recommendation	Status of Recommendation
<p>(1.f.) With respect to the Airports Division Terminal Modernization Program and related program management contract, the department should ensure Airports personnel adequately review task orders and invoices under the program management contract to ensure costs are reasonable and allowable and that proper support documentation is included.</p>	<p>Implemented</p> <p>Per Report No. 16-07, <i>Airports Division Needs Clearer Guidance: Follow-Up on Recommendations Made in Report No. 13-04, Procurement Examination of the Department of Transportation.</i></p>
<p>(1.g.) With respect to the Airports Division Terminal Modernization Program and related program management contract, the department should ensure Airports personnel properly review and approve changes to contracts before related work is performed.</p>	<p>Implemented</p> <p>Per Report No. 16-07, <i>Airports Division Needs Clearer Guidance: Follow-Up on Recommendations Made in Report No. 13-04, Procurement Examination of the Department of Transportation.</i></p>
<p>(1.h.) With respect to the Airports Division Terminal Modernization Program and related program management contract, the department should, for future contracts involving program, project, or construction management responsibilities, ensure Airports properly procures contracts in accordance with Section 103D-304, HRS, and SPO Procurement Circular No. 2009-06, which state that procurement must be for a specified professional class, and that the contract requires the professional to perform a substantial portion of the scope of work. Airports should consult with the departmental Contracts Office and SPO if there is any uncertainty.</p>	<p>Implemented</p> <p>Per Report No. 16-07, <i>Airports Division Needs Clearer Guidance: Follow-Up on Recommendations Made in Report No. 13-04, Procurement Examination of the Department of Transportation.</i></p>
<p>(2.a.) With respect to other violations and procurement concerns identified in the Airports Division, the department should ensure Airports implements formal procedures to regularly (i.e., monthly) and actively monitor the costs of security services incurred in all districts to ensure costs appear reasonable and in line with management’s expectations, rather than merely relying on the practices of individual Airports District managers.</p>	<p>Implemented</p> <p>We found this recommendation to be “Open but in progress” (Partially Implemented) in our follow-up, Report No. 16-07.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 29, 2018, the agency reported that this recommendation has now been fully implemented.</p>

Recommendation

Status of Recommendation

(2.b.) With respect to other violations and procurement concerns identified in the Airports Division, the department should examine Airports' use of pre-engineered kit homes to provide field offices for construction managers and evaluate the cost-benefits of constructing such homes versus buying or renting mobile offices; also examine the practice of bundling their kit home construction with large construction projects rather than procuring via a separate competitive procurement process.

Implemented

Per Report No. 16-07, *Airports Division Needs Clearer Guidance: Follow-Up on Recommendations Made in Report No. 13-04, Procurement Examination of the Department of Transportation.*

(2.c.) With respect to other violations and procurement concerns identified in the Airports Division, the department should seek guidance from the State Procurement Office in determining what actions can and should be taken against Ted's Wiring Service to recover any damages for the extensive delays in completing the AVI project and to prevent such situations from recurring.

Partially Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 16-07.

In its response to our formal request for information on status of implementation of audit recommendations, dated April 3, 2018, the agency reported that this recommendation has still only been partially implemented.

(2.d.) With respect to other violations and procurement concerns identified in the Airports Division, the department should ensure Airports implements formal procedures to improve monitoring and planning for contracts and services agreements so that new agreements are procured prior to and begin upon the expiration of existing agreements.

Implemented

We found this recommendation to be "Open" (Not Implemented) in our follow-up, Report No. 16-07.

In its response to our formal request for information on status of implementation of audit recommendations, dated April 6, 2018, the agency reported that this recommendation has now been fully implemented.

(3.a.) To address procurement non-compliance identified at the various divisions, the department should ensure personnel with procurement authority attend required procurement training, and that the contracts office centrally monitors their attendance at procurement training activities.

Implemented

Per Report No. 16-07, *Airports Division Needs Clearer Guidance: Follow-Up on Recommendations Made in Report No. 13-04, Procurement Examination of the Department of Transportation.*

Recommendation

Status of Recommendation

(3.b.) To address procurement non-compliance identified at the various divisions, the department should develop a process to ensure contract awards are posted timely, which may involve having the individual(s) responsible for issuing award letters also be responsible for posting awards publicly, including having access and authority to post to SPO's website.

Implemented

We found this recommendation to be "Open but in progress" (Partially Implemented) in our follow-up, Report No. 16-07.

In its response to our formal request for information on status of implementation of audit recommendations, dated March 15, 2018, the agency reported that this recommendation has now been fully implemented.



PHOTO: THINKSTOCK

Report No. 13-06, *Audit of the Kaho‘olawe Rehabilitation Trust Fund*

Number of Recommendations: **2**

Number of Recommendations Partially or Fully Implemented: **2**

Percent Implemented: **100%**

In Report No. 13-06, we made a total of 2 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2016, our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 16-03 entitled, “*KIRC Now Relying Heavily on State Funding: Follow-Up on Recommendations Made in Report No. 13-06, Audit of the Kaho‘olawe Rehabilitation Trust Fund.*” As a result of this report, we found that none of our recommendations (0%) had been implemented.

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 16-03. The agency reported that one of our recommendations has now been implemented in full, and one of our recommendations has been implemented in part.

Recommendation	Status of Recommendation
<p>(1.) The Kaho‘olawe Island Reserve Commission should more precisely define what its vision for a rehabilitated Kaho‘olawe entails, including funding requirements and timelines. Specifically, KIRC should create a comprehensive and measurable restoration plan for the island that includes areas to be restored, scope of work, estimated costs and timeframes for completion.</p>	<p>Partially Implemented</p> <p>We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-03.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 28, 2018, the agency reported that this recommendation is now partially implemented.</p>
<p>(2.) The Kaho‘olawe Island Reserve Commission should align its fundraising and spending plans to accommodate that restoration plan. The commission should increase its fundraising and/or decrease its spending if it intends to preserve the trust.</p>	<p>Implemented</p> <p>We found this recommendation to be “Open” (Not Implemented) in our follow-up, Report No. 16-03.</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 28, 2018, the agency reported that this recommendation has now been fully implemented.</p>



Report No. 13-07, *Audit of the Office of Hawaiian Affairs*

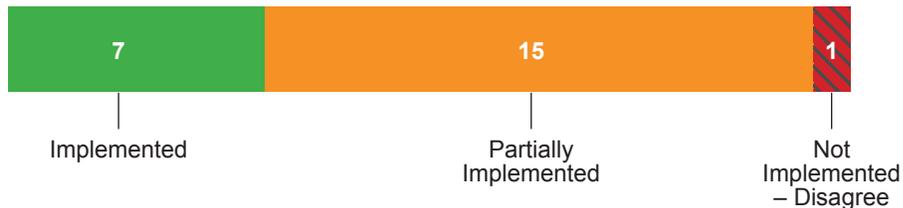
Number of Recommendations: **23**

Number of Recommendations Partially or Fully Implemented: **22**

Percent Implemented: **96%**

In Report No. 13-07, we made a total of 23 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), our office conducted an active follow-up into the implementation of our recommendations, and issued a report entitled, “Report on the Implementation of 2013 Audit Recommendations.” As a result of this report, we found that 96%, or 22 of our 23 recommendations had been at least partially implemented.

Recommendation	Status of Recommendation
<p>(1.a.i.) The OHA board should follow through on its real estate vision, mission, and strategy by ensuring that supporting policies are developed and adopted, including a robust real estate investment policy that includes a spending policy, ethics code, general objectives, long-term return goals, asset category definitions, forms of ownership, prohibited investments, and portfolio reporting requirements.</p>	<p>Partially Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.</i></p>
<p>(1.a.ii.) The OHA board should follow through on its real estate vision, mission, and strategy by ensuring that supporting policies are developed and adopted, including asset allocation guidelines outlining an optimal mix of legacy, programmatic, corporate, and investment properties, along with return expectations for each asset class.</p>	<p>Partially Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.</i></p>
<p>(1.a.iii.) The OHA board should follow through on its real estate vision, mission, and strategy by ensuring that supporting policies are developed and adopted, including clearly articulated goals for OHA's real estate portfolio and individual acquisitions, including whether legacy and programmatic land costs should be supported by corporate and investment property income.</p>	<p>Partially Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.</i></p>
<p>(1.a.iv.) The OHA board should follow through on its real estate vision, mission, and strategy by ensuring that supporting policies are developed and adopted, including a business plan for the Land Management Division that elevates the program to its own line of business with support commensurate to OHA's level of land ownership responsibilities, including an adequate number of qualified personnel to manage its growing real estate portfolio.</p>	<p>Partially Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.</i></p>

Recommendation

Status of Recommendation

(1.b.) The OHA board should request information from the Transitional Assistance Program (TAP) staff on grant outcomes and evidence of program success and evaluate grant performance to ensure grants generate their intended activities, results, and outcomes.

Partially Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.*

(2.) The OHA chief executive officer should take steps to ensure stability within the Land Management Division's staff.

Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.*

(3.a.) The Land Management Division should implement best practices in its real estate acquisition and management operations.

Partially Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.*

(3.b.) The Land Management Division should develop, implement, and communicate to the board real estate reports that detail the status of properties and track their historical costs, ongoing stewardship expenses, and forecast liabilities.

Partially Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.*

(4.a.i.) TAP should improve its administration of OHA grants by developing, and providing to the board for adoption, a manual that describes criteria, policies, and procedures for monitoring compliance with grant terms and conditions. The manual should include procedures and requirements for ensuring grantee reports are reviewed for completeness, accuracy, and adequacy regarding deliverables specified in grant contracts.

Partially Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.*

Recommendation	Status of Recommendation
<p>(4.a.ii.) TAP should improve its administration of OHA grants by developing, and providing to the board for adoption, a manual that describes criteria, policies, and procedures for monitoring compliance with grant terms and conditions. The manual should include procedures and requirements for ensuring all instances of non-compliance are properly documented and grantees remedy reporting deficiencies.</p>	<p>Partially Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.</i></p>
<p>(4.a.iii.) TAP should improve its administration of OHA grants by developing, and providing to the board for adoption, a manual that describes criteria, policies, and procedures for monitoring compliance with grant terms and conditions. The manual should include procedures and requirements for on-site reviewing of grantee financial systems.</p>	<p>Partially Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.</i></p>
<p>(4.a.iv.) TAP should improve its administration of OHA grants by developing, and providing to the board for adoption, a manual that describes criteria, policies, and procedures for monitoring compliance with grant terms and conditions. The manual should include procedures and requirements for randomly reviewing of grantee expenditure reports and supporting documentation.</p>	<p>Partially Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.</i></p>
<p>(4.a.v.) TAP should improve its administration of OHA grants by developing, and providing to the board for adoption, a manual that describes criteria, policies, and procedures for monitoring compliance with grant terms and conditions. The manual should include procedures and requirements for inspecting programs of completed projects to assure that grantees complied with contract terms and conditions not otherwise monitored.</p>	<p>Partially Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs.</i></p>

Recommendation

Status of Recommendation

(4.a.vi.) TAP should improve its administration of OHA grants by developing, and providing to the board for adoption, a manual that describes criteria, policies, and procedures for monitoring compliance with grant terms and conditions. The manual should include procedures and requirements for ensuring grant files are complete and accurately reflect monitoring activities.

Partially Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs*.

(4.b.) TAP should improve its administration of OHA grants by requiring more specificity in grantees' expenditure reporting, to provide grant monitors a better understanding of how grant funds are expended.

Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs*.

(4.c.i.) TAP should improve its administration of OHA grants by adopting an information system to track grant status and project deliverables that retains copies of e-mails, correspondence, performance reports, and evaluations, and alerts monitoring staff when reports are due.

Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs*.

(4.c.ii.) TAP should improve its administration of OHA grants by adopting an information system to track grant status and project deliverables that can monitor grant staff performance.

Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs*.

(4.c.iii.) TAP should improve its administration of OHA grants by adopting an information system to track grant status and project deliverables that assists grants management staff in tracking delinquent annual and final reports to ensure grant deliverables are received.

Partially Implemented

Per report titled, *Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs*.

Recommendation	Status of Recommendation
<p>(4.c.iv.) TAP should improve its administration of OHA grants by adopting an information system to track grant status and project deliverables that flags the approval of new awards to grantees that miss a deliverable.</p>	<p>Not Implemented - Disagree</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs</i>.</p> <p>In our report, we noted: “According to the TAP manager, the Grants Tracking System database does not flag the approval of new awards to grantees that miss a deliverable and the program does not plan to implement this functionality. Rather, the program plans to continue to perform this review manually.”</p>
<p>(4.d.) TAP should improve its administration of OHA grants by increasing site visits and reviews of financial and progress reports for accuracy, completeness, and alignment with project goals, particularly for new grantees and grantees with problems managing their grants.</p>	<p>Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs</i>.</p>
<p>(4.e.) TAP should improve its administration of OHA grants by ensuring that awards are made only to applicants whose outputs and outcomes are consistent with OHA’s strategic goals.</p>	<p>Partially Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs</i>.</p>
<p>(4.f.) TAP should improve its administration of OHA grants by modifying future grantees’ contract terms and conditions to require grantees to include expected outputs and outcomes in their applications and report progress in achieving those outputs and outcomes.</p>	<p>Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs</i>.</p>
<p>(4.g.) TAP should improve its administration of OHA grants by increasing reporting of grant outcomes to the board by providing evidence of program success.</p>	<p>Implemented</p> <p>Per report titled, <i>Follow-Up on Recommendations from Report No. 13-07, Audit of the Office of Hawaiian Affairs</i>.</p>



Report No. 13-09, *Audit of Major Contracts and Agreements of the Hawai‘i Tourism Authority*

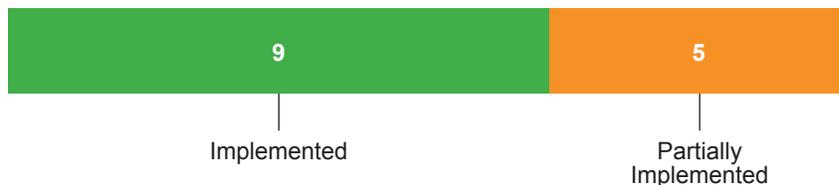
Number of Recommendations: **14**

Number of Recommendations Partially or Fully Implemented: **14**

Percent Implemented: **100%**

In Report No. 13-09, we made a total of 14 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2016, our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 16-05 entitled, “*New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai‘i Tourism Authority.*” As a result of this report, we found that 100%, or all of our 14 recommendations had been at least partially implemented.

Recommendation	Status of Recommendation
<p>(1.a.) The Hawai'i Tourism Authority Board of Directors should ensure compliance with annual marketing plan requirements contained in its functional statements and in the job description of its vice president for brand management.</p>	<p>Implemented</p> <p>Per Report No. 16-05, <i>New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.</i></p>
<p>(1.b.) The Hawai'i Tourism Authority Board of Directors should adopt and implement policies to ensure compliance with Sections 201B-6(a) and -6(b), HRS.</p>	<p>Implemented</p> <p>Per Report No. 16-05, <i>New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.</i></p>
<p>(1.c.) The Hawai'i Tourism Authority Board of Directors should ensure that the authority's measures of effectiveness align with its strategic goals.</p>	<p>Partially Implemented</p> <p>Per Report No. 16-05, <i>New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.</i></p>
<p>(1.d.) The Hawai'i Tourism Authority Board of Directors should establish and periodically review the appropriateness of HTA's strategic plan targets and benchmarks.</p>	<p>Partially Implemented</p> <p>Per Report No. 16-05, <i>New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.</i></p>
<p>(1.e.) The Hawai'i Tourism Authority Board of Directors should develop and implement policies governing marketing contract monitoring to ensure tourism brand managers are consistent in performing reviews of annual marketing plans and that all contract files contain key deliverables.</p>	<p>Implemented</p> <p>Per Report No. 16-05, <i>New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.</i></p>
<p>(2.a.) HTA administrators should ensure that documentation of progress of the authority's tourism marketing plan is consolidated and includes analysis of whether strategic goals were achieved.</p>	<p>Partially Implemented</p> <p>Per Report No. 16-05, <i>New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.</i></p>

Recommendation

Status of Recommendation

(2.b.) HTA administrators should evaluate whether Section 201B-6, HRS, should be amended, and if so, propose such amendments to the Legislature.

Implemented

Per Report No. 16-05, *New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.*

(2.c.) HTA administrators should develop and implement procedures to ensure compliance with Sections 201B-6(a) and -6(b), HRS.

Partially Implemented

Per Report No. 16-05, *New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.*

(2.d.) HTA administrators should develop and implement procedures for monitoring marketing contracts to ensure tourism brand managers are consistent in performing reviews of annual marketing plans and that all contract files contain key deliverables.

Implemented

Per Report No. 16-05, *New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.*

(2.e.) HTA administrators should adopt formal training procedures for tourism brand managers.

Implemented

Per Report No. 16-05, *New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.*

(2.f.i.) HTA administrators should, for Access and Signature Events contracts, ensure that brand managers use a checklist to document all deliverables, contract payments, and final reports for all Access and Signature Events program contracts.

Implemented

Per Report No. 16-05, *New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority.*

Recommendation	Status of Recommendation
<p>(2.f.ii.) HTA administrators should, for Access and Signature Events contracts, ensure that brand managers establish a quality assurance process for reviewing final reports to ensure all deliverables stated in contract proposals are addressed and reported to management. If final reports fail to address measures of success or other evaluation criteria, they should be returned to contractors for correction.</p>	<p>Partially Implemented</p> <p>Per Report No. 16-05, <i>New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai‘i Tourism Authority.</i></p>
<p>(2.f.iii.) HTA administrators should, for Access and Signature Events contracts, ensure that brand managers withhold a portion of the final payment to major market area contractors for co-op agreements pending submission of a complete final report.</p>	<p>Implemented</p> <p>Per Report No. 16-05, <i>New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai‘i Tourism Authority.</i></p>
<p>(2.f.iv.) HTA administrators should, for Access and Signature Events contracts, ensure that brand managers prepare a final evaluation for all Access and Signature Events program contracts for potential use as an evaluation element when deciding future contract awards.</p>	<p>Implemented</p> <p>Per Report No. 16-05, <i>New HTA Management Continues to Improve Plans, Contract Oversight, and Reporting: Follow-Up on Recommendations Made in Report No. 13-09, Audit of Major Contracts and Agreements of the Hawai‘i Tourism Authority.</i></p>



PHOTO: THINKSTOCK

Report No. 14-02, *Audit of the Department of Human Services' Med-QUEST Division and Its Medicaid Program*

Number of Recommendations: **19**

Number of Recommendations Partially or Fully Implemented: **19**

Percent Implemented: **100%**

In Report No. 14-02, we made a total of 19 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations from Report No. 14-02. The agency reported that all but one of our recommendations have now been fully implemented.

Recommendation	Status of Recommendation
<p>(1.a.) The Med-QUEST Division should take a proactive role in improving communication of its Medicaid program's performance with the Legislature. Specifically, the division should conduct an information briefing for interested legislators to gain an understanding of their needs and expectations for information and metrics.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(1.b.) The Med-QUEST Division should take a proactive role in improving communication of its Medicaid program's performance with the Legislature. Specifically, the division should adopt and implement reporting methods that convey requested Medicaid operational and financial objectives, goals, and key performance indicators.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(1.c.) The Med-QUEST Division should take a proactive role in improving communication of its Medicaid program's performance with the Legislature. Specifically, the division should provide annual updates on how Hawai'i enrollment and cost data compare nationally and to other states.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(2.a.) The Med-QUEST Division should establish a formal fraud and abuse plan that ensures the department's fraud and abuse detection program adheres to federal and state regulations and includes adequate resources to execute the plan. Such a plan should include goals, objectives, and action plans for the fraud and abuse detection and investigation program.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(2.b.) The Med-QUEST Division should establish a formal fraud and abuse plan that ensures the department's fraud and abuse detection program adheres to federal and state regulations and includes adequate resources to execute the plan. Such a plan should include program's key partners and stakeholders and their respective functions and fraud and abuse detection and investigation responsibilities and activities.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.</p>

Recommendation

Status of Recommendation

(2.c.) The Med-QUEST Division should establish a formal fraud and abuse plan that ensures the department's fraud and abuse detection program adheres to federal and state regulations and includes adequate resources to execute the plan. Such a plan should include areas of vulnerability and approaches to address them.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

(2.d.) The Med-QUEST Division should establish a formal fraud and abuse plan that ensures the department's fraud and abuse detection program adheres to federal and state regulations and includes adequate resources to execute the plan. Such a plan should include milestones for completion of key action plan activities.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

(2.e.) The Med-QUEST Division should establish a formal fraud and abuse plan that ensures the department's fraud and abuse detection program adheres to federal and state regulations and includes adequate resources to execute the plan. Such a plan should include baseline metrics against which the Medicaid fraud and abuse detection and investigation program can be compared to gauge performance and progress.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

(2.f.) The Med-QUEST Division should establish a formal fraud and abuse plan that ensures the department's fraud and abuse detection program adheres to federal and state regulations and includes adequate resources to execute the plan. Such a plan should include process and methodology for measuring performance progress toward goals and objectives.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

(3.) The Med-QUEST Division should communicate the results of its fraud and abuse detection and investigation program with the director of human services and the Legislature.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

Recommendation

Status of Recommendation

(4.a.) The Med-QUEST Division should direct and work with the Department of Human Services Personnel Office to develop position descriptions for the newly authorized dedicated fraud and abuse detection and investigation positions and reevaluate position descriptions for current FIS positions that ensure that the duties and responsibilities of each position satisfy federal and state regulatory requirements, best practices, and the division's needs.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

(4.b.) The Med-QUEST Division should direct and work with the Department of Human Services Personnel Office to develop position descriptions for the newly authorized dedicated fraud and abuse detection and investigation positions and reevaluate position descriptions for current FIS positions that ensure that the required skills, qualifications, and experience of the respective positions are consistent with their duties and responsibilities.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

(5.) The Med-QUEST Division should prioritize recruitment and hiring of recently authorized FIS fraud and abuse detection and investigation staff.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

(6.) The Med-QUEST Division should develop policies and procedures governing functions related to detecting and remedying fraud and abuse performed by the various department and Med-QUEST Division units. The division should review policies and procedures periodically and update them as needed to reflect revised and new regulatory requirements and best practices. Management should review and approve new and amended policies and procedures in a timely manner.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

Recommendation

Status of Recommendation

(7.) The Med-QUEST Division should maintain complete information and perform periodic reconciliations of fraud and abuse detection and investigation activities. This process may include a reconciliation of case referrals, cases accepted and declined, convictions, recoveries, and status of investigations and settlements, fraud and abuse detection and investigation expenditures, overpayments and fraudulent payments identified. A full accounting of all such indicators will allow the division to better understand the results of its fraud and detection and investigation activities (e.g., recoveries and recoveries per dollar expended on fraud detection and investigation) and measure its performance.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

(8.a.) The Med-QUEST Division should adopt strategies or plans to combat fraud, waste, and abuse by utilizing its new eligibility system and eligibility criteria under the ACA to improve program integrity, limit eligibility errors, and facilitate reporting and monitoring.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated December 5, 2016, the agency reported that this recommendation has been partially implemented.

(8.b.i.) The Med-QUEST Division should adopt strategies or plans to combat fraud, waste, and abuse by enhancing its capacity to utilize its data analysis capabilities effectively by ensuring that all fraud detection and investigation staff receive training on how to identify and generate Surveillance and Utilization Review subsystem and Data Warehouse reports needed to effectively fulfill their respective fraud detection data analysis and investigations functions, including those necessary for referring cases of suspected or potential fraud to MFCU.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

Recommendation

Status of Recommendation

(8.b.ii.) The Med-QUEST Division should adopt strategies or plans to combat fraud, waste, and abuse by enhancing its capacity to utilize its data analysis capabilities effectively by reevaluating fraud and abuse reporting requirements for the managed care plans to ensure that the FIS receives the information needed to better analyze managed care data.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

(8.c.) The Med-QUEST Division should adopt strategies or plans to combat fraud, waste, and abuse by meeting regularly with and providing training to managed care organizations to improve fraud and abuse detection coordination efforts to ensure that fraud and abuse is identified and that preliminary investigations are occurring as required by contract.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 16, 2018, the agency reported that this recommendation has been fully implemented.

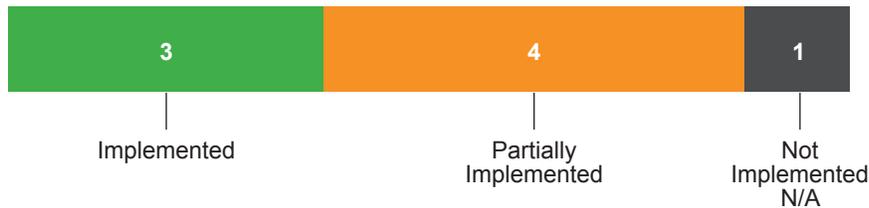


Report No. 14-07, *Follow-Up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve*

Number of Recommendations: **8**
 Number of Recommendations Partially or Fully Implemented: **7**
 Percent Implemented: **88%**

In Report No. 14-07, we made a total of 8 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

In 2017, our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 17-06 entitled, “*Follow-Up on Recommendations from Report No. 14-07, Follow Up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve.*” As a result of this report, we found that 50%, or 4 of our 8 recommendations had been at least partially implemented.

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations that had not been fully implemented in the follow-up report, Report No. 17-06. The University of Hawai‘i reported that of the recommendations made to them, 3 have now been implemented, and 3 of our recommendations have now been partially implemented.

Recommendation	Status of Recommendation
(1.a.) The University of Hawai'i should adopt administrative rules governing public and commercial activities as soon as possible, but no later than 2017.	Partially Implemented We found this recommendation to be Partially Implemented in our follow-up, Report No. 17-06. In its response to our formal request for information on status of implementation of audit recommendations, dated August 30, 2018, the agency reported that this recommendation is still partially implemented.
(1.b.) The University of Hawai'i should obtain UH Board of Regents' approval for the conditions and fee schedule included in commercial tour use permits issued by UH-Hilo via a Board of Regents open public meeting pursuant to Chapter 92, HRS.	Partially Implemented We found this recommendation to be Not Implemented in our follow-up, Report No. 17-06. In its response to our formal request for information on status of implementation of audit recommendations, dated August 30, 2018, the agency reported that this recommendation is now partially implemented.
(1.c.) The University of Hawai'i should determine whether unauthorized fees collected since FY2007 should be returned to commercial tour operators.	Implemented We found this recommendation to be Not Implemented - Disagree in our follow-up, Report No. 17-06. In its response to our formal request for information on status of implementation of audit recommendations, dated August 30, 2018, the agency reported that this recommendation is now implemented.
(1.d.) The University of Hawai'i should complete Comprehensive Management Plan (CMP) management actions, whose implementation under the CMP implementation plan is scheduled as "immediate," as soon as possible, but no later than the end of 2016.	Implemented We found this recommendation to be Partially Implemented in our follow-up, Report No. 17-06. In its response to our formal request for information on status of implementation of audit recommendations, dated August 30, 2018, the agency reported that this recommendation is now implemented.

Recommendation

Status of Recommendation

(1.e.) The University of Hawai'i should further its efforts to renew general leases for UH-managed lands on Mauna Kea by continuing to work with DLNR and proceeding with the EIS process under Chapter 343, HRS.

Implemented

We found this recommendation to be Partially Implemented in our follow-up, Report No. 17-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated August 30, 2018, the agency reported that this recommendation is now implemented.

(1.f.) The University of Hawai'i should renegotiate with existing sublessees to amend subleases to include provisions that address stewardship issues, as modeled by the provisions in the 2014 TMT sublease, following execution of the new general leases for UH-managed lands on Mauna Kea.

Partially Implemented

We found this recommendation to be Not Implemented in our follow-up, Report No. 17-06.

In its response to our formal request for information on status of implementation of audit recommendations, dated August 30, 2018, the agency reported that this recommendation is now partially implemented.

(2.a.) The Department of Land and Natural Resources should continue working with UH to renew the general leases for the UH-managed lands on Mauna Kea and ensure the leases are substantially in the form DLNR's Land Division recommended for approval by the land board.

Partially Implemented

Per Report No. 17-06, *Follow-Up on Recommendations from Report No. 14-07, Follow Up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve*.

(2.b.) The Department of Land and Natural Resources should use additional stewardship-related conditions contained within the TMT observatory permit as a template in all new observatory permits issued for the summit of Mauna Kea.

Not Implemented - N/A

Per Report No. 17-06, *Follow-Up on Recommendations from Report No. 14-07, Follow Up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve*.

In our report, we noted: "The TMT observatory permit has been voided. As a result, this recommendation cannot be addressed until the ongoing contested TMT case is fully resolved."



PHOTO: STATE FOUNDATION ON CULTURE AND THE ARTS

Report No. 14-11, *Audit of the Hawai'i State Foundation on Culture and the Arts*

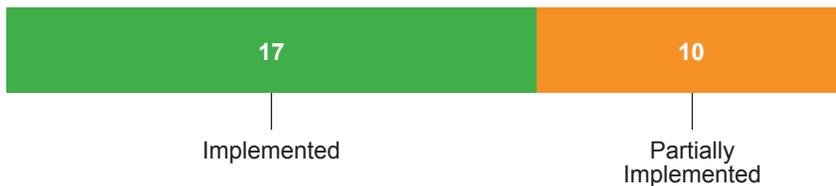
Number of Recommendations: **27**

Number of Recommendations Partially or Fully Implemented: **27**

Percent Implemented: **100%**

In Report No. 14-11, we made a total of 27 recommendations to two agencies.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations from Report No. 14-11. The agencies reported that 17 of our recommendations have been implemented in full, and the remaining 10 recommendations have been implemented in part.

Recommendation

Status of Recommendation

(1.a.i.) The State Foundation on Culture and the Arts commission should adopt a strategic plan that conforms to Act 100, SLH 1999, requirements by including targeted, measurable objectives.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(1.a.ii.) The State Foundation on Culture and the Arts commission should adopt a strategic plan that contains action plans for each objective detailing how, when and by whom each objective will be achieved.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(1.a.iii.) The State Foundation on Culture and the Arts commission should adopt a strategic plan that accounts for organizational changes needed to ensure fulfillment of all mandated duties and maximizes special fund revenues.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(1.a.iv.) The State Foundation on Culture and the Arts commission should adopt a strategic plan that utilizes surplus Works of Art Special Fund moneys.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(1.b.) The State Foundation on Culture and the Arts commission should evaluate and document whether Section 103-8.5, HRS, needs to be amended to allow for broader use of the Works of Art Special Fund.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(1.c.) The State Foundation on Culture and the Arts commission should evaluate and document whether Chapter 9 (Foundation on Culture and the Arts), HRS, needs updating; and if so, propose legislative changes, if appropriate. This should include seeking to eliminate statutory duties that are no longer performed.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been partially implemented.

Recommendation	Status of Recommendation
<p>(1.d.) The State Foundation on Culture and the Arts commission should ensure that its decisions and actions are publicly advertised, openly conducted, and properly documented in conformance with the sunshine law, Chapter 92 (Public Agency Meetings and Records), HRS.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(1.e.) The State Foundation on Culture and the Arts commission should utilize its Planning and Budgeting Committee as a resource to regularly discuss and propose planning and budgeting policies and actions by ensuring the committee holds regular meetings, and by tasking the committee with responsibility for developing the foundation’s strategic plan and matters related to its effective implementation.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(1.f.) The State Foundation on Culture and the Arts commission should adopt bylaws and a handbook of policy decisions.</p>	<p>Partially Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been partially implemented.</p>
<p>(1.g.) The State Foundation on Culture and the Arts commission should adopt and implement policies to ensure that the foundation is accountable for program performance and achievement of strategic goals.</p>	<p>Partially Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been partially implemented.</p>
<p>(1.h.) The State Foundation on Culture and the Arts commission should amend its written policy to specify the maximum period that a state agency can retain relocatable artwork for display.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>

Recommendation

Status of Recommendation

(2.a.) The foundation’s executive director should, regarding the strategic management of the organization, propose to the commission recommendations to the Legislature for inclusion in the foundation’s annual report that suggest foundation actions to promote and further culture, arts, history, and the humanities.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(2.b.) The foundation’s executive director should, regarding the strategic management of the organization, develop and implement procedures to ensure that strategic plan progress reports include performance measures that are based on objectives provided by commissioners, and are in keeping with Act 100, SLH 1999, and best practices.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(2.c.) The foundation’s executive director should, regarding the strategic management of the organization, adopt a formal training program for staff and commissioners that includes duties under both Chapters 9 and 92, HRS.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(2.d.) The foundation’s executive director should, regarding the Works of Art Special Fund, evaluate and document whether there is a need to propose legislative changes that address enforcement of requirements under Section 103-8.5 (Works of Art Special Fund), HRS, which may include penalties for non-compliance and requirements for agencies to develop and implement internal policies and procedures to ensure compliance.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(2.e.) The foundation’s executive director should, regarding the Works of Art Special Fund, develop and implement policies and procedures for monitoring compliance with Section 103-8.5, HRS. The foundation should also consider coordinating compliance monitoring efforts with the Department of Budget and Finance.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been partially implemented.

Recommendation	Status of Recommendation
<p>(2.f.) The foundation’s executive director should, regarding the Works of Art Special Fund, work with the Department of Accounting and General Services to resolve the issue of transfers into the Works of Art Special Fund that were disallowed due to faulty interpretation of the Work of Art Special Fund law and to identify and track amounts still due to the fund.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(2.g.) The foundation’s executive director should, regarding maximizing public access to the foundation’s APP collection, adopt procedures to better facilitate enforcement of the foundation’s artwork rotation policy.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(2.h.) The foundation’s executive director should, regarding maximizing public access to the foundation’s APP collection, enforce the foundation’s policy that all active display sites must have complete and accurate display site surveys on file prior to executing future or renewed artwork loan agreements.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(2.i.) The foundation’s executive director should, regarding protection of the foundation’s digital assets, include on the foundation’s website all agreed-to notifications listed in its non-exclusive licenses, specifically: A notification to users that the contents displayed may only be used for personal, education, and non-commercial use; A notification to users that nothing may be reproduced without the permission of the foundation and the copyright holder; and An overall copyright notice.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(2.j.) The foundation’s executive director should, regarding protection of the foundation’s digital assets, establish policies and procedures within the foundation’s digital asset management plan regarding usage by both third parties and foundation staff.</p>	<p>Partially Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been partially implemented.</p>

Recommendation

Status of Recommendation

(2.k.) The foundation’s executive director should, regarding protection of the foundation’s digital assets, establish policies and procedures that ensure active monitoring of the foundation’s photographic material requests.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 30, 2018, the agency reported that this recommendation has been fully implemented.

(3.a.i.) The Department of Accounting and General Services should develop and issue a new comptroller’s memo that provides updated and more detailed guidance for complying with Section 103-8.5, HRS, and ensure all agencies are aware of the statutory requirements. Revisions to the memo should include expanding and clarifying the guidance on which type of construction projects are subject to the 1 percent Works of Art Special Fund requirement. This should include a definition of “sitework” and guidance on how to interpret the term and identifying what is classified as sitework. It should also include defining the type of work that constitutes renovations, modernization, or other changes to an existing building.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 29, 2018, the agency reported that this recommendation has been partially implemented.

(3.a.ii.) The Department of Accounting and General Services should develop and issue a new comptroller’s memo that provides updated and more detailed guidance for complying with Section 103-8.5, HRS, and ensure all agencies are aware of the statutory requirements. Revisions to the memo should include added guidance on the treatment of appropriations subsequently reallocated between cost elements via allotment advices rather than legislative acts.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 29, 2018, the agency reported that this recommendation has been partially implemented.

Recommendation

Status of Recommendation

(3.a.iii.) The Department of Accounting and General Services should develop and issue a new comptroller's memo that provides updated and more detailed guidance for complying with Section 103-8.5, HRS, and ensure all agencies are aware of the statutory requirements. Revisions to the memo should include develop and implement new reporting requirements for agencies receiving construction appropriations to ensure that the foundation receives all information necessary for monitoring compliance with Works of Art Special Fund assessments.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 29, 2018, the agency reported that this recommendation has been partially implemented.

(3.a.iv.) The Department of Accounting and General Services should develop and issue a new comptroller's memo that provides updated and more detailed guidance for complying with Section 103-8.5, HRS, and ensure all agencies are aware of the statutory requirements. Revisions to the memo should include added or revised DAGS' criteria and procedures as necessary to address any other common compliance issues that the Department of Budget and Finance has identified as part of its monitoring efforts.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 29, 2018, the agency reported that this recommendation has been partially implemented.

(3.b.) The Department of Accounting and General Services should evaluate and document whether it is feasible to create automated controls in the state accounting system that require a management override in order to process capital improvement project allotment requests that do not include work of art assessments.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 29, 2018, the agency reported that this recommendation has been partially implemented.



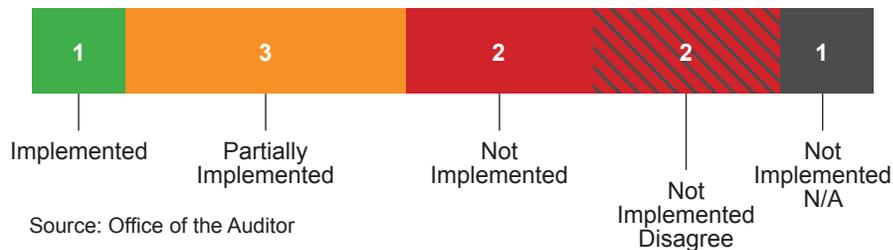
PHOTO: THINKSTOCK

Report No. 14-16, *Audit of the Department of Health’s Glass Advance Disposal Fee Program*

Number of Recommendations: **9**
 Number of Recommendations Partially or Fully Implemented: **4**
 Percent Implemented: **44%**

In Report No. 14-16, we made a total of 9 recommendations to the agency.

Audit Recommendations by Status



In 2017, our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 17-04 entitled, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health’s Glass Advance Disposal Fee Program.* As a result of this report, we found that 44%, or 4 of our 9 recommendations had been at least partially implemented.

Recommendation

Status of Recommendation

(1.a.) The Department of Health should work with the Legislature to update the State's waste disposal goals to ensure the goals are measurable and revised when necessary.

Not Implemented

Per Report No. 17-04, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health's Glass Advance Disposal Fee Program.*

In our report, we noted: "The Environmental Management Special Fund was previously used to fund program positions. In FY2016, the Legislature granted a separate budget request to fund those positions through general funds, rather than the special fund. Per DOH, the special fund will be used to develop measurable goals once sufficient funding has been accumulated in the special fund."

(1.b.) The Department of Health should work with the Legislature to clarify whether the purpose of the glass advance disposal fee is to fully or partially fund county glass collection programs.

Not Implemented - Disagree

Per Report No. 17-04, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health's Glass Advance Disposal Fee Program.*

In our report, we noted: "During our review, DOH disputed the recommendation because the department believes that language from the 1994 legislative committee reports and the *Glass Container Recovery* law presumes that the State is required to fully fund the county glass disposal fee programs. However, the statutory language is unclear regarding whether the State is obligated to fully or partially fund the county programs."

(1.c.) The Department of Health should adopt administrative rules that include, but are not limited to, recycling goals for non-deposit glass, performance measures for the glass ADF, a schedule when counties are notified of ADF allocations and formalizing contracts, reporting requirements and supporting documents, and a process for returning unspent ADF funds at the end of annual contract periods.

Not Implemented - Disagree

Per Report No. 17-04, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health's Glass Advance Disposal Fee Program.*

In our report, we noted "DOH has not adopted administrative rules because, in its view, the *Glass Container Recovery* law does not provide the specific authority to adopt such rules. However, Section 342G-13(2), HRS, provides that DOH shall '[a]dopt rules pursuant to chapter 91 and administer the rules as provided for in this chapter[.]' During discussions with the solid waste management coordinator and DOH's assigned deputy attorney general during our review, they asserted that it is unclear whether that provision applies to the *Glass Container Recovery* law."

Recommendation

Status of Recommendation

(1.d.) The Department of Health should adopt written procedures for the glass ADF program that include, but are not limited to, contract administration, accounting, enforcement and compliance, and the collection and compilation of glass ADF data presented in annual reports to the Legislature.

Partially Implemented

Per Report No. 17-04, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health's Glass Advance Disposal Fee Program.*

(1.e.) The Department of Health should revise the scope of services in its contracts with counties to include requiring supporting documents for costs such as administrative costs and incentive rates.

Implemented

Per Report No. 17-04, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health's Glass Advance Disposal Fee Program.*

(1.f.) The Department of Health should, if it elects to retain reimbursement as the preferred method of payment, coordinate with counties to establish a new method for calculating ADF allocations that is timely and accurate.

Partially Implemented

Per Report No. 17-04, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health's Glass Advance Disposal Fee Program.*

(1.g.) The Department of Health should require the City and County of Honolulu to return unspent ADF funds that were allocated in previous years, taking into account the reserve ADF funds the county used in FY2012 at the department's request.

Not Implemented - N/A

Per Report No. 17-04, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health's Glass Advance Disposal Fee Program.*

In our report, we noted: "This recommendation is no longer applicable as a portion of the City and County of Honolulu's ADF program was temporarily suspended in FY2014 due to the lack of funding provided by DOH. According to the City and County of Honolulu, the unspent ADF funds were depleted in FY2010 and FY2012 when the City did not receive allocations from DOH."

(1.h.) The Department of Health should suspend allocations of glass ADF funding to Kaua'i County until the department reaffirms whether the buyback program required for counties to receive glass ADF funds is satisfied by participation in the deposit beverage container 5¢ redemption system.

Not Implemented

Per Report No. 17-04, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health's Glass Advance Disposal Fee Program.*

In our report, we noted: "DOH continued to provide allocations to the County of Kaua'i despite the County not having a buyback program. However, DOH asserts that it will start suspending allocations to the County of Kaua'i starting with FY2019 allocations."

Recommendation

Status of Recommendation

(1.i.) The Department of Health should continue with intended plans to request from the 2015 Legislature funds to update the State's integrated waste management plan and additional staff to adequately administer the glass ADF.

Partially Implemented

Per Report No. 17-04, *Follow-Up on Recommendations from Report No. 14-16, Audit of the Department of Health's Glass Advance Disposal Fee Program.*



Report No. 15-07, *Audit of the Research Corporation of the University of Hawai‘i*

Number of Recommendations: **11**

Number of Recommendations Partially or Fully Implemented: **11**

Percent Implemented: **100%**

In Report No. 15-07, we made a total of 11 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 18-10 entitled, “*Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai‘i.*” As a result of this report, we found that 100%, or all 11 of our recommendations had been implemented.

Recommendation	Status of Recommendation
<p>(1.a.) The Research Corporation of the University of Hawai'i's Board of Directors should adopt a mission that more accurately reflects the corporation's statutory responsibility to initiate and promote research and development statewide. If the board no longer thinks RCUH can fulfill its broad mandate, it should request that the Legislature redefine the agency's role.</p>	<p>Implemented Per Report No. 18-10, <i>Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai'i.</i></p>
<p>(1.b.) The Research Corporation of the University of Hawai'i's Board of Directors should adopt a strategic plan that conforms to Act 100, SLH 1999, requirements by containing proper objectives and accounts for organizational changes needed to ensure fulfillment of all mandated duties.</p>	<p>Implemented Per Report No. 18-10, <i>Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai'i.</i></p>
<p>(1.c.) The Research Corporation of the University of Hawai'i's Board of Directors should adopt and implement strategic planning and performance reporting policies and procedures.</p>	<p>Implemented Per Report No. 18-10, <i>Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai'i.</i></p>
<p>(1.d.) The Research Corporation of the University of Hawai'i's Board of Directors should explicitly identify the corporation's executive director as being responsible for developing and implementing a strategic plan.</p>	<p>Implemented Per Report No. 18-10, <i>Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai'i.</i></p>
<p>(1.e.) The Research Corporation of the University of Hawai'i's Board of Directors should develop and update policies to ensure projects are accepted in conformance with Chapter 304A, HRS, the UH/RCUH Internal Agreement, and the State/RCUH Master Agreement.</p>	<p>Implemented Per Report No. 18-10, <i>Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai'i.</i></p>
<p>(2.a.) The corporation's executive director should implement a training program for board members that familiarizes them with their oversight roles and responsibilities.</p>	<p>Implemented Per Report No. 18-10, <i>Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai'i.</i></p>

Recommendation

Status of Recommendation

(2.b.) The corporation’s executive director should develop, adopt, and report on performance measures for assessing RCUH’s accomplishment of its goals, objectives, and mission.

Implemented

Per Report No. 18-10, *Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai‘i.*

(2.c.) The corporation’s executive director should consider and document whether added resources are needed to review incoming projects to determine whether they fall under the scope of RCUH services, and to monitor ongoing projects.

Implemented

Per Report No. 18-10, *Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai‘i.*

(2.d.) The corporation’s executive director should develop and implement procedures that include:

- i. Detailed guidance for monitoring all projects;**
- ii. Ensuring periodic review of direct projects; and**
- iii. Reviewing and approving projects.**

Implemented

Per Report No. 18-10, *Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai‘i.*

(2.e.) The corporation’s executive director should ensure that requirements of the State/RCUH master agreement are complied with by agencies requesting services.

Implemented

Per Report No. 18-10, *Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai‘i.*

(2.f.) The corporation’s executive director should request the Department of the Attorney General issue a written opinion on whether certain state agencies are exempted from the State/RCUH Master Agreement.

Implemented

Per Report No. 18-10, *Follow-Up on Recommendations from Report No. 15-07, Audit of the Research Corporation of the University of Hawai‘i.*



PHOTO: THINKSTOCK

Report No. 15-08, *Sunset Evaluation: Respiratory Therapists*

Number of Recommendations: **9**

Number of Recommendations Partially or Fully Implemented: **5**

Percent Implemented: **56%**

In Report No. 15-08, we made a total of 9 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations from Report No. 15-08. The agency reported that 5 of our recommendations have been fully implemented. The agency's responses are detailed below.

Recommendation

Status of Recommendation

(2.a.) The Department of Commerce and Consumer Affairs should establish and employ a method for determining whether a regulatory program is breaking even, as is required under Section 26H-2(7), HRS.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been fully implemented.

(2.b.) The Department of Commerce and Consumer Affairs should ensure that evidence of review of applicants' out-of-state qualifications is appropriately documented.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been fully implemented.

(2.c.i.) The Department of Commerce and Consumer Affairs should amend the respiratory therapist license application form by requesting information concerning only prior convictions that are related to the respiratory care profession.

Not Implemented - Disagree

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has not been implemented, stating:

“In its June 2, 2015 letter in response to the Auditor’s recommendations, the Department strongly disagreed with this recommendation and noted that in the interest of public protection, consideration of prior convictions outside the profession is essential.”

(2.c.ii.) The Department of Commerce and Consumer Affairs should amend the respiratory therapist license application form by replacing the incorrect reference to Section 457-12, HRS, with Section 466D-11, HRS.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 13, 2018, the agency reported that this recommendation has been fully implemented.

(2.d.) The Department of Commerce and Consumer Affairs should adopt administrative rules for the respiratory therapist program.

Not Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has not been implemented, stating:

“The Department agrees with this recommendation and will develop administrative rules for the Program.”

Recommendation	Status of Recommendation
<p>(2.e.) The Department of Commerce and Consumer Affairs should add the respiratory therapist program's fees to Chapter 16-53, HAR (Fees Relating to Boards and Commissions).</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(2.f.i.) The Department of Commerce and Consumer Affairs should improve the respiratory therapist program's website by adding clear links to the program's fees.</p>	<p>Not Implemented - Disagree</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has not been implemented, stating:</p> <p>“As stated in its June 2, 2015 letter, the Department disagrees with this recommendation as it believes that applicants for all licensing areas have clear and direct access to the application forms, which appropriately include fee information.”</p>
<p>(2.f.ii.) The Department of Commerce and Consumer Affairs should improve the respiratory therapist program's website by adding clear links to an explanation of what the various categories of licensee statuses mean.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(2.g.) The Department of Commerce and Consumer Affairs should amend the RICO complaint form to include respiratory therapists.</p>	<p>Not Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has not been implemented, stating:</p> <p>“As indicated in the June 2, 2015 letter to the Auditor, the Regulated Industries Complaints Office was contacted and informed of this matter.”</p>



Report No. 15-09, *Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse*

Number of Recommendations: **6**

Number of Recommendations Partially or Fully Implemented: **3**

Percent Implemented: **50%**

In Report No. 15-09, we made a total of 6 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 18-13 entitled “*Follow-Up on Recommendations from Report No. 15-09, Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse.*” As a result of this report, we found that 50%, or 3 of our 6 recommendations had been at least partially implemented.

Recommendation

Status of Recommendation

(1.a.i.) The Department of Health should improve its procurement practices by increasing organizational oversight over procurements. Depending on the nature and type of contract, method of procurement, complexity of procurement, composition and technical knowledge of the evaluation committee and staff involved in the procurement, and risks of fraud, transparency, and noncompliance related to the procurement, the Administrative Services Office should provide greater oversight over departmental procurements by defining what oversight responsibilities the ASO will provide, including determining the level of review and approval required for solicitations and awards that are deemed high risk; determining whether an evaluation committee has the appropriate knowledge, expertise, and composition reflective of the complexity and dollar value of the procurement; determining the level of review and approval required for significant contract modifications; identifying what its technical support will be and what role the State Procurement Office should have in conjunction with ASO oversight; notifying departmental divisions, branches, and offices of any procurement violations or noncompliance; and enforcing any corrective actions.

Partially Implemented

Per Report No. 18-13, *Follow-Up on Recommendations from Report No. 15-09, Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse.*

Recommendation

Status of Recommendation

(1.a.ii.) The Department of Health should improve its procurement practices by increasing organizational oversight over procurements. Depending on the nature and type of contract, method of procurement, complexity of procurement, composition and technical knowledge of the evaluation committee and staff involved in the procurement, and risks of fraud, transparency, and noncompliance related to the procurement, the department should develop a periodic, systematic review of procurement activities to monitor and promote compliance and ensure that all employees involved in procurements adhere to key requirements, including contract administration.

Partially Implemented

Per Report No. 18-13, *Follow-Up on Recommendations from Report No. 15-09, Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse*.

(1.b.i.) The Department of Health should improve its procurement practices by clarifying roles, responsibilities, and procedures for procurements by developing and implementing a department-specific procurement policy and procedures manual that defines roles, responsibilities, authority, and accountability for each step in the procurement process. The manual should include specific guidelines, instructions, and standards for acquisitions of products and services. It should explain how to handle key issues and mistakes in the procurement, contract administration, and quality assurance processes, detailing procurement controls and oversight responsibilities. The manual should be formally approved by management and periodically reviewed and updated.

Not Implemented

Per Report No. 18-13, *Follow-Up on Recommendations from Report No. 15-09, Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse*.

In our report, we noted: “[A]s of the time of our follow-up, the evidence provided did not support meaningful movement towards implementation of this recommendation.”

Recommendation	Status of Recommendation
<p>(1.b.ii.) The Department of Health should improve its procurement practices by clarifying roles, responsibilities, and procedures for procurements by identifying and communicating what constitutes a highrisk procurement that should be referred to ASO for guidance. Risk factors include contracts where the procurer does not have technical expertise or past experience with what is being procured, unusual contract terms or circumstances, and bid protests.</p>	<p>Not Implemented</p> <p>Per Report No. 18-13, <i>Follow-Up on Recommendations from Report No. 15-09, Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse.</i></p> <p>In our report, we noted: “Although the four preliminary questions [to assess the level of risk of anticipated procurement efforts] are an initial step to identify and communicate what constitutes a high-risk assessment, the preliminary questions alone do not represent a meaningful movement towards implementation of [this recommendation].”</p>
<p>(2.) The director of health should ensure that staff involved in procurements are adequately trained and appropriately supervised.</p>	<p>Implemented</p> <p>Per Report No. 18-13, <i>Follow-Up on Recommendations from Report No. 15-09, Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse.</i></p>
<p>(3.) The department should review its procurement of the Grant Thornton/PKF contract. If the department determines that a procurement violation has occurred, it must report this violation to the SPO and rectify its process to ensure such a violation does not occur in future.</p>	<p>Not Implemented - N/A</p> <p>Per Report No. 18-13, <i>Follow-Up on Recommendations from Report No. 15-09, Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse.</i></p> <p>In our report, we noted: “Despite DOH’s consultation with the State Procurement Office, DOH’s inability to provide all the necessary documentation has and will continue to prevent the State Procurement Office from conducting a meaningful review to determine if a procurement violation occurred.”</p>



Report No. 15-14, Study of the Public Charter Schools' Governing Boards

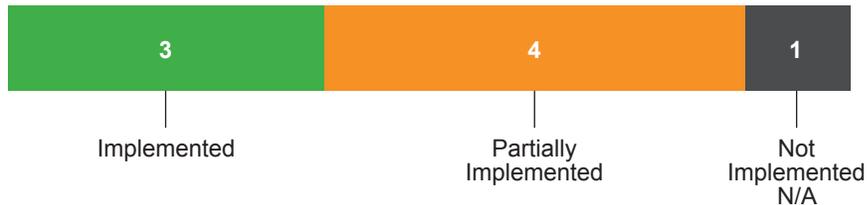
Number of Recommendations: **8**

Number of Recommendations Partially or Fully Implemented: **7**

Percent Implemented: **88%**

In Report No. 15-14, we made a total of 8 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations from Report No. 15-14. The agency reported that all but one of our recommendations have been at least partially implemented.

Recommendation	Status of Recommendation
<p>(1.a.) The Hawai'i State Public Charter Commission should ensure its staff develops policies and procedures, including the collection and analysis of school data, to retain organizational knowledge and mitigate the risk of limiting that knowledge to only a few personnel.</p>	<p>Partially Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated February 21, 2018, the agency reported that this recommendation has been partially implemented.</p>
<p>(1.b.) The Hawai'i State Public Charter Commission should ensure its staff reviews its inter-office communication system to ensure information collected from the schools, including the rental terms of school facilities, is shared with all performance managers.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated February 21, 2018, the agency reported that this recommendation has been fully implemented.</p>
<p>(1.c.i.) The Hawai'i State Public Charter Commission should ensure its staff reviews the charter contract to identify areas in need of clarification, including governance reporting requirements such as mandated policies and procedures, to ensure the schools and the boards are able to meet the commission's performance expectations.</p>	<p>Partially Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated February 15, 2018, the agency reported that this recommendation has been partially implemented.</p>
<p>(1.c.ii.) The Hawai'i State Public Charter Commission should ensure its staff reviews the charter contract to clarify provisions that automatically trigger an intervention protocol for noncompliance.</p>	<p>Partially Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated February 15, 2018, the agency reported that this recommendation has been partially implemented.</p>
<p>(1.c.iii.) The Hawai'i State Public Charter Commission should ensure its staff reviews the charter contract to consider amending the charter contract to require schools to provide adjusted annual budgets in the event school student enrollment projections fall significantly short of actual student enrollment figures.</p>	<p>Implemented</p> <p>In its response to our formal request for information on status of implementation of audit recommendations, dated February 21, 2018, the agency reported that this recommendation has been fully implemented.</p>

Recommendation

Status of Recommendation

(1.d.) The Hawai'i State Public Charter Commission should ensure its staff consistently monitors and enforces compliance with terms of the charter contract, including the posting of minutes of governing board meetings to school websites, reporting governing board membership changes, and providing the rental terms of school facilities.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 21, 2018, the agency reported that this recommendation has been partially implemented.

(1.e.) The Hawai'i State Public Charter Commission should ensure its staff works with stakeholders to develop means other than self-reporting, to ensure statutory requirements regarding criminal history checks are met and independently verified by commission staff; consultation with the Department of the Attorney General, the Hawai'i Criminal Justice Data Center, and the Office of Information Practices is also advised.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 21, 2018, the agency reported that this recommendation has been fully implemented.

(1.f.) The Hawai'i State Public Charter Commission should ensure its staff receives training regarding obtaining and using financial agreements, such as a line of credit, by charter schools under Chapter 37D, HRS.

Not Implemented - N/A

In its response to our formal request for information on status of implementation of audit recommendations, dated February 21, 2018, the agency reported that this recommendation has not implemented and no longer applicable, stating:

“Section 37D-3, HRS, states that financial agreements for agencies, such as a line of credit, must be approved by the attorney general and the director of budget and finance. The section further provides specific procedures that these agreements must follow.

The Commission believes this recommendation is not applicable as charter school financing agreements would be under the purview of the Department of Budget and Finance.”



PHOTO: DEPARTMENT OF TRANSPORTATION

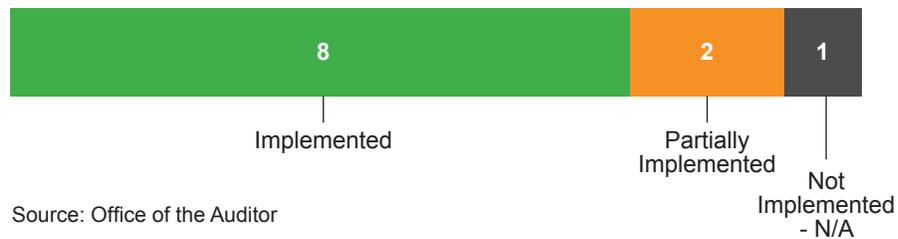
Report No. 15-18, Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings

Number of Recommendations: **11**

Number of Recommendations Partially or Fully Implemented: **10**

Percent Implemented: **91%**

In Report No. 15-18, we made a total of 11 recommendations to the agency.



Source: Office of the Auditor

Earlier this year (2018), our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 18-14 entitled, “*Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.*” As a result of this report, we found that 91%, or 10 of our 11 recommendations had been at least partially implemented.

Recommendation

Status of Recommendation

(1.a.i.) The director of transportation should review the DOT-Harbors and -Highways energy contracts with Johnson Controls to ensure they do not contain flaws found in the Airports Division’s energy contract, and revise those two agreements, as needed, to ensure that the duration of those contracts align with guaranteed savings schedules so that all savings are achieved within the contract term.

Implemented

Per Report No. 18-14, *Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation’s Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.*

(1.a.ii.) The director of transportation should review the DOT-Harbors and -Highways energy contracts with Johnson Controls to ensure they do not contain flaws found in the Airports Division’s energy contract, and revise those two agreements, as needed, to ensure that the contracts integrate State Procurement Office guidelines calling for formal and written acceptance or rejection of deliverables, such as energy contract annual savings reports.

Implemented

Per Report No. 18-14, *Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation’s Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.*

(1.b.) The director of transportation should establish procedures for review and independent verification of annual savings reports delivered by Johnson Controls to ensure that such analysis is completed within required reconciliation periods.

Partially Implemented

Per Report No. 18-14, *Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation’s Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.*

(1.c.) The director of transportation should ensure training is provided so that staff have sufficient expertise on measurement and verification processes, and other forms of performance and savings monitoring.

Partially Implemented

Per Report No. 18-14, *Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation’s Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.*

(2.a.i.) The Airports Division deputy director should amend the division’s energy contract to align guaranteed savings with the contract terms and conditions while holding to the contract’s \$518 million savings guarantee.

Implemented

Per Report No. 18-14, *Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation’s Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.*

Recommendation	Status of Recommendation
<p>(2.a.ii.) The Airports Division deputy director should amend the division's energy contract to integrate State Procurement Office guidelines so that the acceptance or rejection of Johnson Controls' annual savings report is by formal and written means.</p>	<p>Implemented</p> <p>Per Report No. 18-14, <i>Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.</i></p>
<p>(2.b.) The Airports Division deputy director should review the energy savings measures in the contract with Johnson Controls to ensure the anticipated cost savings are reasonable and applicable throughout the contract term.</p>	<p>Not Implemented - N/A</p> <p>Per Report No. 18-14, <i>Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.</i></p> <p>In our report, we noted: “[W]ith the completion of the measures called for in the contract, this review is no longer applicable.”</p>
<p>(2.c.) The Airports Division deputy director should ensure staff are trained to understand measurement and verification processes and other forms of performance and savings so they can properly interpret Johnson Controls' annual savings report.</p>	<p>Implemented</p> <p>Per Report No. 18-14, <i>Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.</i></p>
<p>(2.d.) The Airports Division deputy director should follow-through on plans to procure outside audit consultants to reconcile annual savings reports.</p>	<p>Implemented</p> <p>Per Report No. 18-14, <i>Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.</i></p>
<p>(2.e.) The Airports Division deputy director should ensure third-party consultants providing review and verification of Johnson Controls' annual savings reports are on contract with, or are directly accountable to, the division.</p>	<p>Implemented</p> <p>Per Report No. 18-14, <i>Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.</i></p>
<p>(2.f.) The Airports Division deputy director should establish procedures for review and independent verification of Johnson Controls' annual savings report to ensure the analysis is completed within the 90-day reconciliation period.</p>	<p>Implemented</p> <p>Per Report No. 18-14, <i>Follow-Up on Recommendations from Report No. 15-18, Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings.</i></p>

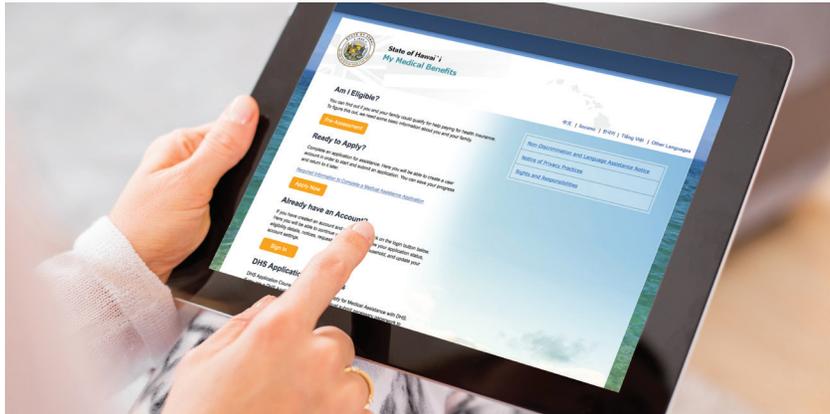


PHOTO: THINKSTOCK / OFFICE OF THE AUDITOR

Report No. 15-20, *Audit of the Department of Human Services' KOLEA System: \$155 Million KOLEA Project Does Not Achieve ACA Goals*

Number of Recommendations: **14**

Number of Recommendations Partially or Fully Implemented: **14**

Percent Implemented: **100%**

In Report No. 15-20, we made a total of 14 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 18-12 entitled, “*Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services' KOLEA System.*” As a result of this report, we found that 100% of our recommendations had been at least partially implemented.

Recommendation	Status of Recommendation
<p>(1.a.) The director of human services should lead future departmental IT changes by ensuring rigorous project process standards are defined to guide the project, there is a clear structure for decisionmaking, individuals in lead roles have the right skills for the project, and those individuals appropriately execute their responsibilities.</p>	<p>Implemented</p> <p>Per Report No. 18-12, <i>Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services’ KOLEA System.</i></p>
<p>(1.b.i.) The director of human services should address Medicaid income verification issues and increase the likelihood that Hawai‘i’s neediest people are receiving all the benefits for which they qualify by finalizing the Memorandum of Agreement with the Department of Labor and Industrial Relations so that the Med-QUEST Division can perform data matching with state wage information and perform real-time income verifications.</p>	<p>Implemented</p> <p>Per Report No. 18-12, <i>Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services’ KOLEA System.</i></p>
<p>(1.b.ii.) The director of human services should address Medicaid income verification issues and increase the likelihood that Hawai‘i’s neediest people are receiving all the benefits for which they qualify by ensuring the Med-QUEST Division establishes an interface with the Internal Revenue Service to check unearned income or ensuring the Hawai‘i Administrative Rules are revised to remove this requirement.</p>	<p>Partially Implemented</p> <p>Per Report No. 18-12, <i>Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services’ KOLEA System.</i></p>
<p>(2.a.) The Med-QUEST Division administrator should ensure that KOLEA project responsibilities are clearly defined between functional areas and actively manage those responsibilities to avoid gaps in, and enforce, responsibilities as necessary.</p>	<p>Implemented</p> <p>Per Report No. 18-12, <i>Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services’ KOLEA System.</i></p>

Recommendation

Status of Recommendation

(2.b.i.) The Med-QUEST Division administrator should facilitate efforts to improve the division’s eligibility and enrollment processes and address KOLEA’s functionality and usability issues by establishing goals, objectives, performance targets, and performance measures for the Medicaid eligibility and enrollment processes that align with the department’s overall mission, goals, and objectives and are useful for decisionmaking. The administrator should include managers at different organizational levels in the development of these performance goals.

Partially Implemented

Per Report No. 18-12, *Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services’ KOLEA System.*

(2.b.ii.) The Med-QUEST Division administrator should facilitate efforts to improve the division’s eligibility and enrollment processes and address KOLEA’s functionality and usability issues by ensuring KOLEA is modified so that it can generate reports on relevant performance measures.

Implemented

Per Report No. 18-12, *Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services’ KOLEA System.*

(2.b.iii.) The Med-QUEST Division administrator should facilitate efforts to improve the division’s eligibility and enrollment processes and address KOLEA’s functionality and usability issues by periodically reviewing and discussing with relevant stakeholders the progress made toward improving the division’s eligibility and enrollment processes and KOLEA’s functionality and usability issues.

Partially Implemented

Per Report No. 18-12, *Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services’ KOLEA System.*

Recommendation	Status of Recommendation
<p>(2.c.i.) The Med-QUEST Division administrator should ensure the division's Policy and Program Development Office evaluates and updates the department's administrative rules, policies, and procedures regarding Medicaid enrollment and eligibility pursuant to requirements in the Affordable Care Act. The office should ensure administrative rules adhere to all applicable provisions of the ACA including income verification requirements, conform with the Notice of Proposed Rulemaking, align with the department's Verification Plan, and include business processes that optimize KOLEA's efficiency.</p>	<p>Implemented</p> <p>Per Report No. 18-12, <i>Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services' KOLEA System.</i></p>
<p>(2.c.ii.1.) The Med-QUEST Division administrator should ensure the division's Policy and Program Development Office works with the Eligibility Branch to along with other stakeholders and experts, examine the state's Medicaid application and eligibility determination process and establish a new one that complies with the department's administrative rules.</p>	<p>Implemented</p> <p>Per Report No. 18-12, <i>Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services' KOLEA System.</i></p>
<p>(2.c.ii.2.) The Med-QUEST Division administrator should ensure the division's Policy and Program Development Office works with the Eligibility Branch to reassess Eligibility Branch staff's responsibilities in light of the new statutory framework pursuant to the ACA and KOLEA-automated processes.</p>	<p>Partially Implemented</p> <p>Per Report No. 18-12, <i>Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services' KOLEA System.</i></p>
<p>(2.c.ii.3.) The Med-QUEST Division administrator should ensure the division's Policy and Program Development Office works with the Eligibility Branch to develop an appropriate training program for Eligibility Branch workers. The program should include changes to the ACA, the division's new policies and procedures, and how to navigate KOLEA.</p>	<p>Partially Implemented</p> <p>Per Report No. 18-12, <i>Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services' KOLEA System.</i></p>

Recommendation

Status of Recommendation

(2.d.i.) The Med-QUEST Division administrator should address KOLEA functionality and usability issues by seeking input from the policy office, Eligibility Branch, and other stakeholders and experts to identify weaknesses in the division's eligibility and enrollment processes and KOLEA and their causes; and develop a strategy for, and allocate resources to, support improvement.

Partially Implemented

Per Report No. 18-12, *Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services' KOLEA System.*

(2.d.ii.) The Med-QUEST Division administrator should address KOLEA functionality and usability issues by continuing to work with KPMG LLP to address functionality and usability issues so eligibility workers can use KOLEA more efficiently and effectively.

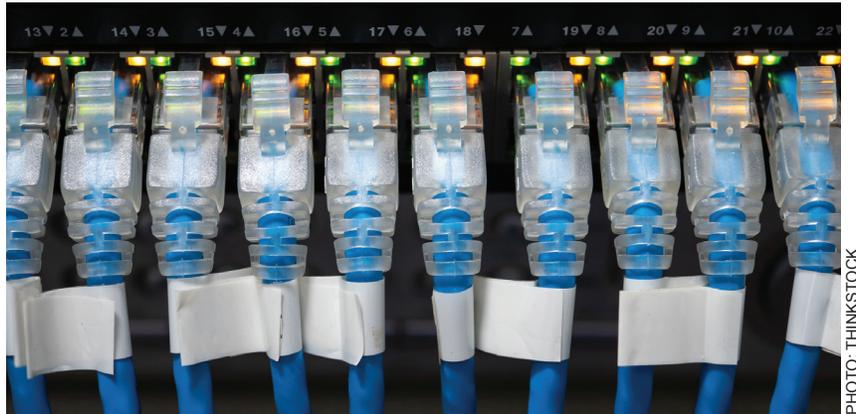
Implemented

Per Report No. 18-12, *Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services' KOLEA System.*

(2.e.) The Med-QUEST Division administrator should ensure the division's Training Office works with the policy office and KOLEA Project Team as necessary to develop and provide appropriate training to Eligibility Branch staff on new eligibility and enrollment processes and requirements, and navigating KOLEA. Training should be provided periodically as rules, policies, procedures, and KOLEA are modified.

Partially Implemented

Per Report No. 18-12, *Follow-Up on Recommendations from Report No. 15-20, Audit of the Department of Human Services' KOLEA System.*



Report No. 16-01, Report on Selected Executive Branch Departments' Information Technology Expenditures

Number of Recommendations: **5**

Number of Recommendations Partially or Fully Implemented: **4**

Percent Implemented: **80%**

In Report No. 16-01, we made a total of 5 recommendations to the agency.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), our office conducted an active follow-up into the implementation of our recommendations, and issued Report No. 18-07 entitled, “*Follow-Up on Recommendations from Report No. 16-01, Report on Selected Executive Branch Departments' Information Technology Expenditures.*” As a result of this report, we found that 80%, or 4 of our 5 recommendations have been at least partially implemented.

Recommendation

Status of Recommendation

(1.) The Office of Enterprise Technology Services should be the central agency to establish policies and procedures over IT governance statewide. This is consistent with the governor’s December 10, 2015, announcement that ETS be the lead agency for IT planning and procurement.

Implemented

Per Report No. 18-07, *Follow-Up on Recommendations from Report No. 16-01, Report on Selected Executive Branch Departments’ Information Technology Expenditures.*

(2.a.) The Office of Enterprise Technology Services should establish a statewide definition for IT that clearly defines what ETS considers IT costs.

Partially Implemented

Per Report No. 18-07, *Follow-Up on Recommendations from Report No. 16-01, Report on Selected Executive Branch Departments’ Information Technology Expenditures.*

(2.b.) The Office of Enterprise Technology Services should provide statewide training to fiscal personnel to ensure all IT costs are consistently recorded to assigned object codes.

Not Implemented

Per Report No. 18-07, *Follow-Up on Recommendations from Report No. 16-01, Report on Selected Executive Branch Departments’ Information Technology Expenditures.*

In our report, we noted: “[T]his recommendation cannot be implemented until Recommendations 2a and 2c are fully implemented.”

(2.c.) The Office of Enterprise Technology Services should require annual reporting by all departments to report IT assets, expenditures, contracts, and personnel costs and positions to facilitate decisionmaking.

Partially Implemented

Per Report No. 18-07, *Follow-Up on Recommendations from Report No. 16-01, Report on Selected Executive Branch Departments’ Information Technology Expenditures.*

(2.d.) The Office of Enterprise Technology Services should incorporate ETS into the IT budgeting process and ETS oversight into significant IT contracts and expenditures to ensure these activities align with the State’s overall IT strategic plan.

Implemented

Per Report No. 18-07, *Follow-Up on Recommendations from Report No. 16-01, Report on Selected Executive Branch Departments’ Information Technology Expenditures.*



Report No. 16-08, *Audit of Hawai‘i’s Motion Picture, Digital Media, and Film Production Income Tax Credit*

Number of Recommendations: **9**

Number of Recommendations Partially or Fully Implemented: **8**

Percent Implemented: **89%**

In Report No. 16-08, we made a total of 9 recommendations to two agencies.

Audit Recommendations by Status



Source: Office of the Auditor

Earlier this year (2018), we issued a formal request for information on the status of audit recommendations from Report No. 16-08. The agencies reported that all but one of our recommendations have been at least partially implemented.

Recommendation

Status of Recommendation

(1.a.i.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:

- i. Require all productions to obtain an independent review by a certified public accountant of qualified production costs and provide the report to the film office prior to being certified for the tax credit.**

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been partially implemented.

(1.a.ii.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:

- ii. Specify actions that satisfy the statutory requirement for productions to make reasonable efforts to hire local talent and crew.**

Not Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has not been implemented, stating:

“The Department is not the subject matter expert on the film industry. The Department will consult with DBEDT to identify the actions that would satisfy the statutory requirement for productions. Actions that can be identified will be included when the administrative rules are permanently adopted.”

(1.a.iii.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:

- iii. Require a more reasonable minimum financial or in-kind contribution and educational or workforce development contribution of productions and consider basing the amount of such contributions on the amount of a production’s qualified production costs.**

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been fully implemented.

(1.a.iv.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:

- iv. Require productions to provide proof of the shared-card, end-title screen credit to the film office prior to being certified for the tax credit.**

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been fully implemented.

Recommendation

Status of Recommendation

(1.a.v.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:

v. Require all productions to provide the following information as part of submitted post-production reports:
(1) the number of Hawai'i resident and non-resident hires by category, such as above-the-line, below-the-line, and extras; (2) salary and wage information for resident actors, producers, directors, and other hires; (3) salary and wage information for nonresident actors, producers, directors, and other hires; and (4) any other information that DBEDT determines necessary to estimate the benefits of the tax credit.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been fully implemented.

(1.a.vi.) The Department of Taxation should adopt administrative rules for section 235-17, HRS, and consider incorporating the following provisions:

vi. Include a penalty for productions claiming the tax credit that do not meet the 90-day filing deadline to submit their written, sworn statements to DBEDT, similar to the stipulation for productions failing to prequalify for the credit by registering with DBEDT currently in section 235-17(f), HRS.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been fully implemented.

(1.b.) The Department of Taxation should request the Legislature to amend the statute to address the above recommendations if the department cannot implement the recommendations through administrative rule.

Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated February 14, 2018, the agency reported that this recommendation has been fully implemented.

Recommendation

Status of Recommendation

(2.a.) The Hawai'i Film Office should collaborate with READ to identify the specific production information READ needs to prepare a comprehensive cost benefit analysis and/or economic output estimates that account for the different categories of jobs created, salaries and wages of resident and non-resident production hires, and any other relevant information.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has been partially implemented.

(2.b.) The Hawai'i Film Office should improve its reporting to the Legislature on the film tax credit by ensuring that the reported data is accurate, consistent, and timely.

Partially Implemented

In its response to our formal request for information on status of implementation of audit recommendations, dated March 6, 2018, the agency reported that this recommendation has been partially implemented.
